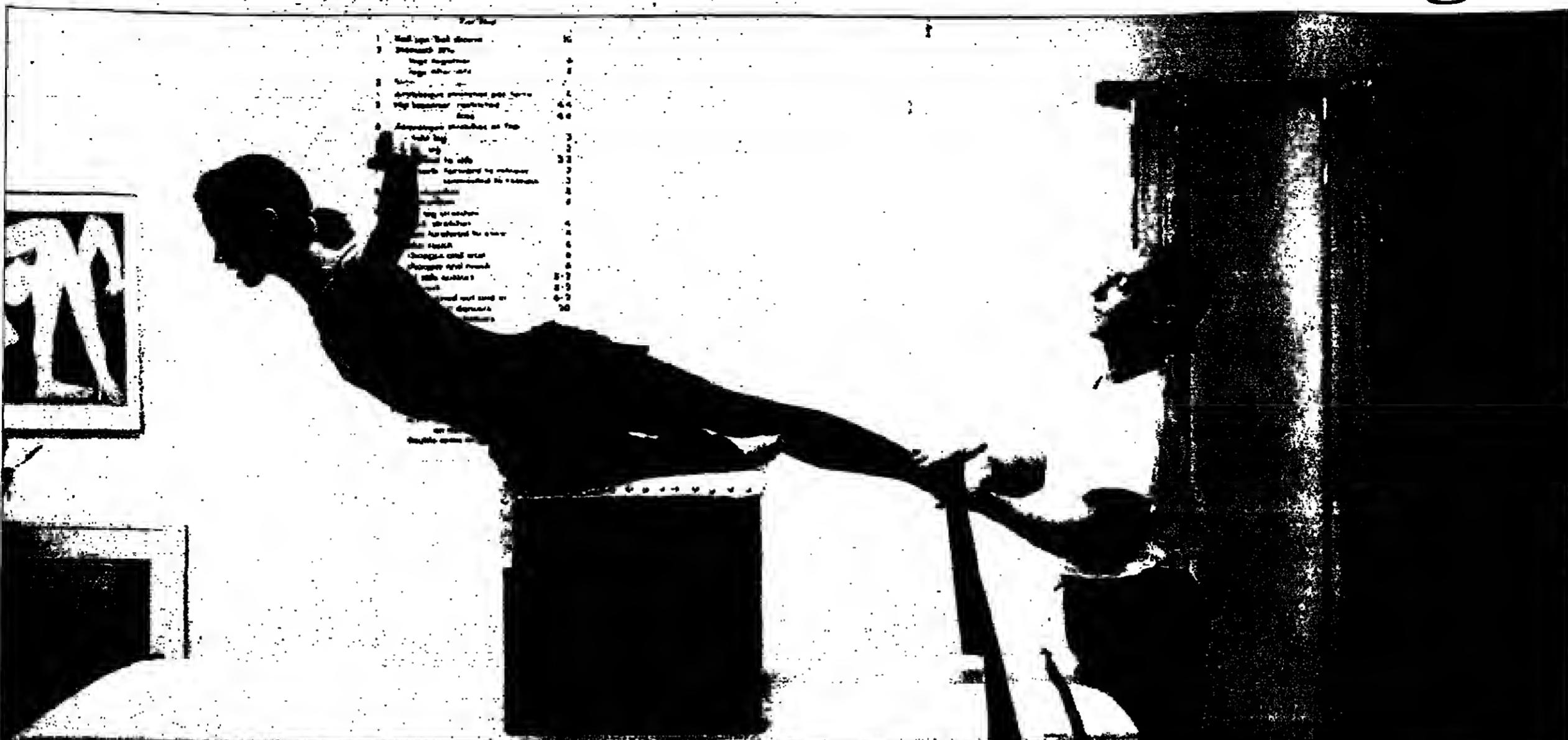


The ballerinas who dance with danger



Steps to fitness: Deborah Bull, a principal dancer at the Royal Ballet School, being put through a stretching exercise by Dreas Reyneke at the Body Toning Studio, London

Photograph: Laurie Lewis

CLARE GARNER

Royal Ballet star tells how she and others put health at risk through ignorance

Deborah Bull, one of the principal dancers at the Royal Ballet School, has confessed to an unhealthy lifestyle of intermittently starving herself, making excessive demands on her body and ignoring warning signs of early injury.

Ms Bull, 33, admitted that until three years ago she was ignorant of "simple but vital facts" about health and fitness. Only when she met her boyfriend, Torje Eike, 40, the physiotherapist responsible for keeping the Rolling Stones on the road, did she realise the damage she was doing.

"You may find it surprising

that it is possible to reach such an elevated status without being an artist who is an athlete and an athlete who is an artist," said Ms Bull.

Speaking at this week's launch of *Fit to Dance?*, Ms Bull, 33, endorsed the conclusions of the book's five-year national inquiry into dancers' health and injury. The book describes how ballet dancers routinely abuse their bodies and hammers home the message that prevention is better than cure.

The inquiry, funded by the Gulbenkian Foundation, involved 658 professional dancers,

and dance students. It showed that British dancers are between 5 per cent and 7 per cent less aerobically fit than their US and Russian counterparts. Some female classical dancers are only marginally fitter than untrained people in the street.

Ms Bull said Mr Eike had been shocked by her fitness levels. "Initially I was not as fit as Mick Jagger," she said, "but now at last, I might give him a run for his money."

Much of today's choreography is aerobic, but, the report reveals, dancers are unprepared for these new demands.

There are people who say 'we don't want to get into athletics, we don't want you to look like middle-distance runners', but the feats we're being asked to do are athletic," said Ms Bull.

"We can't ask people to survive on art alone. It won't carry you through a demanding performance."

The research also showed that dancer diets are not well-balanced. Ms Bull was, until recently, as guilty as the next dancer of entertaining for having a "rather special relationship with food". "Personally, I never had the will power to become

anorexic, but if I had done I might have been, because I was so desperate to achieve the shape whatever the cost," she said.

Now that she has undergone her nutritional "metamorphosis", Ms Bull is anxious to spread the word. But students at the Royal Ballet School are taken aback by her message.

"Many of them thought, or had been told, to eat a lot of protein and avoid those 'nasty, fattening potatoes,'" she explained.

Kenneth Tharp, 36, who

danced for the London Contemporary Dance Theatre, added: "Often people take more care of their cars than their bodies. We're under daily pressure and unlike the annual MOT, we have to make the grade night after night. It's heartbreaking to think of the number of dancers who are determined to achieve their roles whatever the cost and set off on a course of self-destruction."

Robert Cohan, the founder artistic director of London Contemporary Dance Theatre, admits that dance companies are at fault, too. "With the best will in the world, when you're working for an opening performance

and someone is injured you just don't want to know," he said. "I always used to feel coming back from tour with the London Contemporary Theatre was like Napoleon's return from Moscow. It was like coming back from a war campaign. How many injured? Could we get on stage?"

The inquiry revealed that 34 per cent of the contemporary dancers and 83 per cent of the ballet dancers and students had incurred an injury – predominantly muscular – in the previous 12 months. Of the injured professional dancers, 58 per

cent had taken days off work because of injury, compared to 83 per cent of the injured students. Half of the professional ballet dancers and 75 per cent of the contemporary dancers had paid for their own treatment, consulting mostly physiotherapists or osteopaths.

The Director Laureate of the Birmingham Royal Ballet, Sir Peter Wright, made a plea for Lottery funds. "To me it's the right of all dancers to have proper medical care and the best possible working conditions regardless of the wealth of the organisations they are employed by... I just hope that those who hold the national purse strings will read it *Fit to Dance?* too."

Chemist gains a Nobel but loses his funding

CHARLES ARTHUR
Science Editor

A British chemist yesterday learnt that he had won the highest prize in his profession, the Nobel Award, just hours after being turned down for government funding in the same subject that won him the prize.

Sir Harold Kroto, 57, of the University of Sussex, was awarded the £1m prize jointly with two American scientists for their discovery in 1985 of the structure of "buckminsterfullerene", a form of carbon composed of 60 atoms, which looks like a molecular soccer ball.

But hours before the news, he was told the Engineering and Physical Science Research Council (EPSRC) had turned down his department's request for £100,000 over the next three years to study the chemistry of the molecules, which could have important industrial applications. Sir Harold was delighted with the prize but downcast at funding cuts which led to the EPSRC rejection.

work which led to the discovery of the buckminsterfullerene in Britain. "I approached three major companies here and they said it was interesting, but it was the sort of work the Government should be funding."

Instead, he went to Canada and then to the US to perform the required work, with Robert Curl and Richard Smalley at the University of Houston. The molecules are formed when gaseous carbon condenses in an inert atmosphere. Mass spectrometry, which shows the relative weight and composition of an unknown molecule, offered the chemical formula of the new products, but nothing about their structures.

The researchers then spent a night at Houston University trying to build a model of a 60-atom molecule composed only of carbon. Each carbon atom must attach to exactly four others, each equidistant.

An early attempt used jellybabies as the atoms and cocktail sticks as the bonds between them. Eventually, a junior

chemistry modelling set, with plastic "atoms" and "bonds" was found, whereupon they discovered that carbon-60 looks exactly like a soccer ball with an interlocking combination of hexagons and pentagons.

The applications of buckminsterfullerenes, and other carbon forms with 80 or more molecules, could be wide-ranging. Japanese companies are trying to use them in night vision goggles, and they could even have uses in AIDS therapies.

Sir Harold said he intends to use his prize money to pay debts in a science film company that he helps to run.

The Nobel Prize for Physics went to three American scientists who discovered the "superfluid" property of helium at temperatures close to absolute zero. Douglas Osheroff, David Lee and Robert Richardson shared the award, which was described as "a breakthrough in low-temperature physics" by the citation committee. It could help to explain the "superstring" theories of the universe.

Disgraceful verse tops poll

DAVID LISTER
Arts News Editor

A lyrical homage to growing old disgracefully, by the Gloucestershire poet Jenny Joseph is currently topping a poll to find the nation's favourite poem of the past half century.

The survey, conducted by BBC Television, was told at noon today. Last night Jenny Joseph's "Warning" was closely followed by Stevie Smith's "Not waving but drowning", with Dylan Thomas's "Do not go gentle into that good night" third.

Joseph, 64, a winner of the Forward Poetry Prize and "Warning" has been in a number of collections which have proved very popular. Never the less it is a surprise that a relatively little-known poet should be holding prime position.

Her first book of poems was published in 1960 and immedi-

ately won an award, as did her second collection, and subsequent books. *The Times Literary Supplement* has described her best poems as: revealing "a world living in the clutches of disappointment and misery, but open to the possibility of intense delight in minute but dazzling particulars of nature and in rare acts of human kindness".

Ironically, despite the BBC's attempt to attract the young and widen the definition of poetry – including rock lyrics – the top three are all poems about growing old. The only pop lyric in the top 20 is

John Lennon's "Imagine". "Warning" begins:

When I am an old woman I shall wear purple

With a red hat which doesn't go, and doesn't suit me

And I shall spend my pension on brandy and summer gloves

And sat in sandals, and say we've no money for butter

Last year Rudyard Kipling's "If" won the BBC poll for the nation's favourite poem ever. This year the poll, aimed to coincide with National Poetry Day today, was limited to poems written in the last 50 years. Daisy Goodwin, producer of *The Nation's Favourite Poem*,

Daily Poem, page 11

which will be broadcast tomorrow night, said: "It's striking that the leading contenders are all poems about middle age, growing old and dying."

"There are not many love poems in the top 10. When people turn to poetry they turn to it for comfort. Love and sex and the fun things are dealt with by pop music; but the really awkward things, when you're looking for solace, remain the province of poetry."

Other poets, such as Larkin and Betjeman, have polled more votes than Joseph, but the votes have been split between different works. Other poets in the top 20 include Auden, Heaney, Ginsberg, Maya Angelou and Caroline Duffy. Sylvia Plath is at number 20 with "Daddy". Ted Hughes, who was married to her, is at 32 with "The thought fox".

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ately won an award, as did her second collection, and subsequent books. *The Times Literary Supplement* has described her best poems as: revealing "a world living in the clutches of disappointment and misery, but open to the possibility of intense delight in minute but dazzling particulars of nature and in rare acts of human kindness".

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CHG

The currency battle: Opponents of Emu seized on a hint by Rifkind that a fudge by France and Germany could keep Britain out



Grand parade: The former Conservative Prime Minister Sir Edward Heath arriving for the debate on Europe yesterday · Photograph: David Rose

Heath returns fire against Euro-sceptics

COLIN BROWN
Chief Political Correspondent

Tory Eurosceptics yesterday showed no let-up in their demands for entry to a single currency to be ruled out, despite John Major's appeal for unity.

They in turn came under attack from Sir Edward Heath, the former Prime Minister, who said there would be no change of government policy, and the Eurosceptics would continue to cause trouble until the election.

"They can't possibly change that, so the divisions with these people will remain."

His warning exposed the

temporary nature of the unity on Europe shown between Mr Major and Baroness Thatcher 24 hours earlier.

Eurosceptics heckled Sir Leon Brittan, the European Commissioner, one of the few voices on the Tory fringe calling for Britain to preserve its right to enter a single currency. He warned the Eurosceptics that unless they united behind Mr Major, "we are dooming ourselves to defeat".

But the Eurosceptics' anger could be subdued by the emergence of what they believe is a workable compromise.

They focused on a section of Malcolm Rifkind's speech which they claimed had opened the way for entry into a single currency to be ruled out early next year, despite Mr Major's protestations that there would be no change in policy.

The Foreign Secretary reinforced assurances by the Prime Minister that the Government will not join a single European currency if there is a "fudge" over the convergence criteria. "We need to ensure that the economic convergence criteria are not fudged because it would cause economic instability across Europe," he said.

John Redwood, the former minister campaigning against the single currency, said: "It marks an important new development for our European currency policy. The British Government now has an opinion – that pushing monetary union would be damaging. The only currency union on offer is a fudged one. We can all agree on that."

Minister's six claims fail the factual audit

JOHN RENTOU
Political Correspondent

faster and for longer under us than at any time in the last 50 years."

Fact: This partly reflects the fact that it had further to fall after exceeding 3m in the early 1980s, the highest for 50 years. Claim: "We have more of our people in work in this country than in any other major country in Europe."

Fact: People in Britain start work younger and retire later than their Continental counterparts. And for historical reasons more women tend to have paid work in Britain than in other European countries.

Claim: "Britain's growth in productivity has taken us from the bottom of the G7 group of nations to the top."

Fact: There has been a dramatic improvement in productivity in manufacturing, although the rankings depend on choice of dates. The Department of Trade and Industry cited OECD figures for 1980-95, but said Britain was second from bottom in 1973-79. The figures do not apply to service industries, where improvements have been less impressive.

Claim: "More foreign companies have chosen to come here to invest in the past 10 years than to any other country in Europe – over £100bn-worth."

Fact: Inward investment per head of population is four times higher in Belgium. Labour points out that Britain also has the highest "outward investment", capital exports, of any country in the EU.

London Tube next in line for sell-off

STEPHEN GOODWIN and FRAN ABRAMS

London Underground is a prime target for privatisation if the Conservatives are returned to power. John Major told the party conference he would like to see the Tube follow British Rail into the private sector.

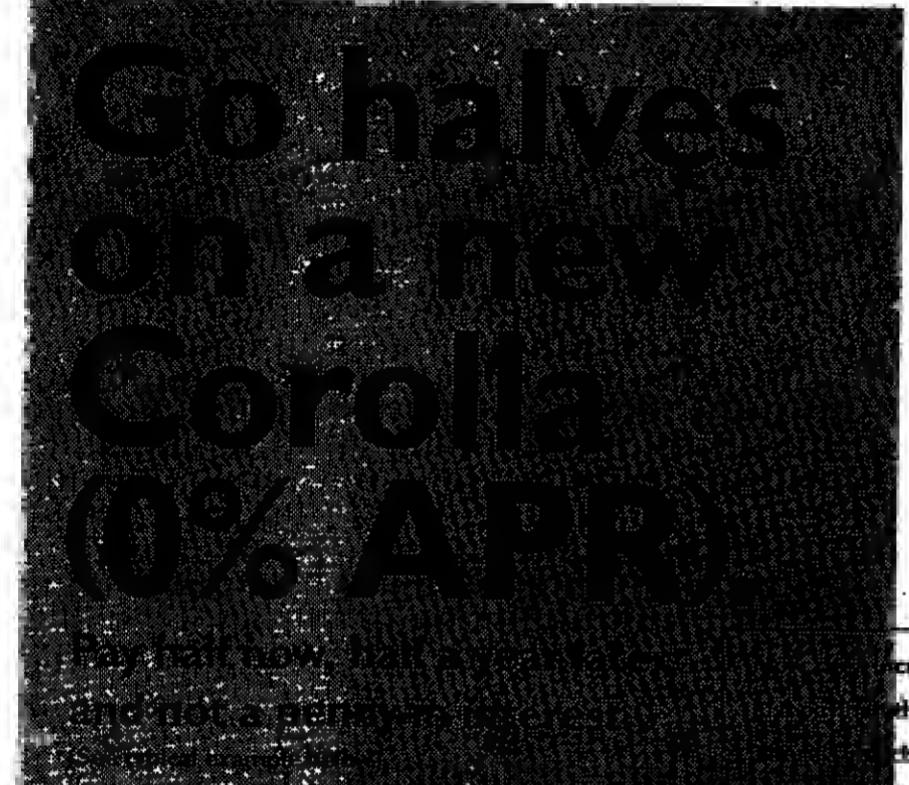
The Prime Minister reasserted his determination to continue the privatisation crusade during a question-and-answer session with Tory representatives.

Within a few days, 50 per cent of British Rail would be in private hands, he told the first questioner. Noting that not long ago opinion formers, even within the Tory party, were describing it as "a privatisation too far", he said the service was already getting better. It was getting more personal and there were going to be more trains.

"I would like to see if we can apply these principles to London Underground," Mr Major said. Concern over this summer's strikes on the Tube had already been voiced during a debate on industrial relations. "It's a remarkable sea change in the last 16 or 17 years," he said. "We should never lose faith in our instinctive belief that private ownership is the best option and should be the first option."

Sir George Young, the Secretary of State for Transport, said a pilot scheme in London in which car tax dodgers had their vehicles clamped had recovered £2m from evaders.

Fifty-eight per cent of the cars clamped had been scrapped because they were not claimed, he said. He added that the Government would soon announce plans to expand the scheme.



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returning
against
sceptics

CONSERVATIVES IN BOURNEMOUTH

news

Lilley offers hand to lone parents

COLIN BROWN
Chief Political Correspondent

A scheme to help 100,000 lone parents escape the benefit trap was announced by Peter Lilley, the Social Security Secretary, in a move to erase the impression that the Tories are intent on attacking single mothers.

The announcement marked a softening of rhetoric for ministers who have accused lone parents of jumping the council-house waiting-list by getting pregnant. Mr Lilley said all the evidence suggested lone parents

wanted to work but needed help to get back into the labour market. Twelve areas will be selected for pilot schemes due to start in April and costing £20m.

Lone parents who volunteer for work will be assisted by caseworkers to assess any barriers to jobs and to devise a plan to get them into employment. In some areas, lone parents will be eligible for help with childcare expenses.

Private firms will be invited to supply the help to lone parents in four areas drawn from North Hampshire, Preston,

Wirral, Northants, Buckinghamshire, Wiltshire, Blackburn, Hackney, Central Manchester and Bradford. The companies will be paid according to results.

The scheme, called Parent Plus, will be operated by social-security or employment offices in Warwickshire, Cambridgeshire, North Worcestershire, Motherwell, North Staffs, North Cheshire, Cardiff and Vale, and Sheffield East.

Mr Lilley also confirmed a

check income-tax returns, VAT returns, and benefit claims to stop welfare cheats.

The powers would be targeted at specific fraud and would not allow the disclosure of confidential tax information for general fishing expeditions by fraud inspectors, Mr Lilley said. He left the announcement of the Bill out his speech for lack of time. "The word-count said I was within my budget, but I was 76 words over," he said later.

"We ought to be able to cross-check this information to

find fraudsters who are working and claiming benefit but unintended barriers prevent us. That's absurd," added Mr Lilley. A Compensation Recovery Bill will also be introduced, to force employers to foot the bill for accidents at work.

Mr Lilley has been the Tory Party conference darling in past years but the ovation for his speech appeared more restrained than before. He faced a demand from a councillor for more action to help the elderly avoid having to sell their homes to qualify for means-tested long-term care.

Mr Lilley did not reply to an appeal by Jean Burnham, who cited the case of a 79-year-old widow who had to sell her home in order to pay for care after contracting Alzheimer's disease.

Supporters like her will be disappointed that the Government is delaying until after the election the implementation of legislation promised by John Major to tackle the problem. A draft bill will propose a capital disregard for those who have taken out insurance schemes to pay for their long-term care.

Ladies
who give
great
ovation



DAVID AARONOVITCH

Tory ladies give great ovations. So even the most mundane sentiment uttered by the most nondescript speaker will be met by polite, female applause. Should sightseeing mention be made of Brussels, or Eurocrats, then there is a more enthusiastic dose of clapping.

This is nothing to what happens though when one of the party big-wigs completes an oration. Then – always – the ovation is standing. As a result it is impossible to tell if a speech has been genuinely well received, or merely a ritual appreciation is being recorded. But, dear readers, quite accidentally yesterday, I discovered the Aaronovitch patent ovation-enthusiasm index, and it came about like this.

As the first Secretary of State of the day completed his "we can win, we will win", (I can't remember who it was, after a while it all tends to blend to one interminable piece of nervous triumphalism), the nice elderly lady next to me rose to applaud. The loss of weight on her

spring-loaded chair caused it to rise just as she did, trapping her voluminous skirt behind.

As I looked along the lengthy row of seating, stretching right the way across the conference hall, I saw at least five other skirts similarly snagged, five sets of white calves similarly exposed. Being for the most part elderly, and having passed the age for thigh-hugging, stinky numbers, their long skirts were proving something of an encumbrance. Intrigued, I kept an eye on the skirts throughout the day. And what I realised was that the more the ladies liked the speech, the more impetuously they rose to their feet, and the more likely the skirts were

to become lodged in their chairs. *Alors*, a foolproof diagnostic tool.

Thus Ian Lang's ponderous announcement of a clampdown on the few remaining rights enjoyed by trade unionists in this country, rated five skirts. Malcolm Rifkind's well-delivered and intellectually shallow speech (on how everyone in the world wishes they were British) did much better, earning over

a dozen exposed pairs of ankles. The best, however, was yet to come.

Late in the morning, the

small army of grandees and payroll functionaries were cleared off the set, and the implausible party chairman, Brian Mawhinney, appeared. John Major, he announced, was going to answer impromptu questions from delegates. And on he came. There, in the speaking circle, was a mi-

crophone, a Prime Minister and a Mawhinney. It was a bravura performance. As Mr Major roamed the circle from side to side fielding a selection of questions (some of them genuinely difficult), Mr Mawhinney circled cautiously behind him, like a lion-tamer in the ring with a usually affable, but eccentric beast.

Then, to enhance the impression of informality, Mr Major took his jacket off, so Mr Mawhinney shed his. But you can never really trust the judgment of the MP from Peterborough; when he began to remove his cufflinks there was an air of apprehension around the hall. What next? Ties?

Shoes? Vests? We were spared, of course, though the sight of these two jacketless, middle-aged men roaming a small area, fielding a succession of deliveries, put me in mind of a game of beach volleyball as it would be organised by Mary Whitehouse.

The faithful adored it. When the PM finished they arose. And as they did, hundreds of yards of fabric became caught throughout the hall. Once again I looked down the row, and counted an astonishing 50 skirts, and a pair of plus-fours, now firmly ensnared in the seats behind.

Fifty skirts, Prime Minister. They must love you.

Photograph: David Rose



In the news: Party members follow John Major's lead of informality and enjoy a relaxed moment yesterday

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YESTERDAY AT THE CONFERENCES
MAIN ANNOUNCEMENTS

Allowing the right to strike in public and private services
Introducing Bill to allow cross-checking of tax and benefit records
Cut 100,000 lone parents off welfare rolls

Save the taxpayer £40m in compensation for accidents at work

QUOTES OF THE DAY

"I wake up every morning like a baby... I wake up every morning like a baby... I wake up every morning like a baby... I wake up every morning like a baby..." Ian Lang, President of the Board of Trade

"A new bottle of gin for the conference... I'm going to buy a bottle of gin for the conference... I'm going to buy a bottle of gin for the conference..." Ian Lang, President of the Board of Trade

"The Conservatives do actually find it hard to be good... I'm not caring..." Paul Gray, Preston

"I expect Norman... he only scraped on to the Conservative Executive thanks to their hideousness... I expect Norman to be less able women..." Peter Lilley

"Sheila Scott... She paid the price for being batty... She paid the price for being batty... She paid the price for being batty..." Sir Michael Portillo

"We [Conservatives] were not set up to think... we were not set up to write... We were not set up to think..." Michael Portillo, fringe meeting

"It's a speech which will get no coverage... Politics on television news... Because it is the same... John Gummer

GOOD DAY ... BAD DAY ... DEVIL OF THE DAY

THE CROWD-PULLERS ON THE FRINGE

Norman Lamont, more Europhobe 500 people
Michael Portillo, Conservative Way Forward, 220 people but many disappointed by the Defence Secretary's caution and loyalty
Sir Teddy Taylor versus Quentin Davies, on the single currency, 200
Gillian Shepherd on tightening discipline in schools, 100 plus

CHOREOGRAPHY OF THE DAY

John Major and Brian Mawhinney self-consciously removing their jackets during the Q&A session

THE PARTY TO BE SEEN AT

ITM, drinks at the Highcliff, British Airways, champagne at the Royal Bath, Irish Embassy 'stout party' in the conference centre, Connex Rail Ltd, champagne and croissants at the Highcliff

RAPTUREMETER

Malcolm Rifkind	3 min 5 sec
Foreign Secretary	88 decibels
Ian Lang	1 min 15 sec
Industry	90 decibels
John Major	42 sec
(question time)	98 decibels
John Gummer	22 sec
Environment	86 decibels
Sir George Young	20 sec
Transport	86 decibels

TODAY'S BUSINESS

National Heritage (Virginia Bottomley), Defence (Michael Portillo), Economy (Kenneth Clarke), Education and employment (Gillian Shepherd), address by Michael Heseltine, deputy prime minister. Compiled by STEPHEN GOODWIN

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Lang bid to curb monopoly-service strikes

JOHN RENTOU and
BARRIE CLEMENT

Plans to restrict strikes in monopoly public services were announced yesterday by Ian Lang, President of the Board of Trade.

He told the conference that this summer's stoppages in the railways, London Underground and the Post Office had convinced him to act on a long-standing but unfulfilled Tory aim.

The strikes were "completely unacceptable" and his plans would allow unions to be sued for damages if they organised strikes which were "disproportionately damaging to the public". Sources close to Mr Lang said the legislation would only be restricted to publicly owned services.

The need to take reforms of trade-union law "one step further" was justified by conjuring up the spectre of the Winter of Discontent in this summer's "reprise, like a bad dream, of those old, ugly attitudes".

Those attitudes had been eradicated in most industries by Tory legislation. "It's in the few remaining monopolies, in the

public sector and providing public services, that the virus survives."

Mr Lang promised to publish a "package of new proposals" when the Commons resumes next week, but gave no details of how the plan would work in practice or when it might become law. It is possible it might form part of the Tories' general-election manifesto.

In interviews before and after his speech Mr Lang said the plans would apply to public services which had a monopoly, but that would not necessarily include railway services where there was, for example, an alternative bus service.

His senior advisers said the Government might allow civil courts to decide whether any industrial action was "disproportionately damaging". Ministers, however, could issue a code of practice to guide courts of law. The intention was not to make industrial action impossible, but to limit its impact. Any union leading a strike which caused the complete withdrawal of a monopoly service could be liable to legal action by the employer, or by customers.

Tory plan could end stoppages in public sector

If Ian Lang is to be taken seriously, the Government is considering the introduction of a law which could weaken trade unionism more than any legislation introduced since the Conservatives came to power in 1979.

By selectively removing immunities from unions engaged in strikes in monopoly services, the Government could make industrial action virtually impossible among millions of employees and would set back the collective rights of workers by a century.

But is Mr Lang to be taken seriously? How far is he prepared to go? Whitehall officials have indicated privately that the President of the Board of Trade is simply indulging in pre-election populism. The suggestion may well appear in the Conservative Manifesto, but civil servants argue that the legal difficulties are such that it is highly unlikely to see the legislative light of day.

There is always the possibility, however, that Mr Lang is in earnest. His senior advisers insist that he is.

Under the proposals, presumably, the Communication Workers' Union could have been sued by the Royal Mail which lost business through the present postal dispute. The union could also have been taken to court by other companies and individuals who could prove a material loss as

Union proposals are toughest for years, writes Barrie Clement

a consequence of the 24-hour stoppages. Both the rail unions - Aslef and RMT - may have been liable to legal action for damages incurred through the London Underground stoppages. The RMT could have been sued for recent "overground" walkouts.

Ministers would have to decide which services came within the scope of the act. Mr Lang's advisers are keen to ensure the law covers any monopoly service. Sources close to Mr Lang argue that limited industrial action might not fall foul of the law, but the shutdown of, say BT, would probably come within the scope of the act.

Removal of immunities could backfire. If bona fide unions found it difficult or impossible to lead strikes, workers might be tempted to form their own informal groups to organise industrial action. If such groups had no assets, then individuals would be the subject of litigation, leading to the seizure of personal property. Do the Conservatives really want to go to those lengths?

Even Mrs Thatcher was finally convinced that removing immunities was not a practical proposition.



Nursing a grievance: A day of action at a London hospital. Mr Lang's plans would allow unions to be sued for damages. Photograph: Jeremy Nicholl



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news

Nightmare for parents over school choice

JUDITH JUDD
Education Editor

Choosing a secondary school will become a nightmare for parents as the Government's proposals for more selection turn admissions into a free-for-all, headteachers said yesterday.

Angry members of both headteachers' organisations lambasted the plans on the eve of the speech by Gillian Shephard, Secretary of State for Education, in the Conservative party conference.

Most parents would have less, not more choice, they said, because schools would be choosing parents. They would have to make many more applications and get to grips with

different admissions arrangements and selection tests for every school. Appeals in admissions panels would rocket.

The Secondary Heads Association said it had not been so angry about a White Paper for 20 years. The proposals for

Education Plus
in The Tabloid

schools to select up to half their pupils were "undemocratic and unfair". Individual schools would be able to select more pupils without reference to the rest of the community.

The National Association of Head Teachers said different types of school would be able to select 20 to 30 per cent of

their pupils. Parents would have to make multiple applications to hedge their bets "entering their child for a variety of selection tests, criteria hurdles and interviews to safeguard against not getting their first choice".

Bruce Douglas, the secondary heads' vice-president, said: "This unplanned selection means the return of the secondary modern school and that doesn't seem to us to serve the needs of the 21st century."

The secondary heads, including those running grant-maintained schools, said they were furious about the degradation in the White Paper of the many successful local authority-run comprehensives.

In a paper, they warned that such schools would "at a stroke be sacrificed on the altar of dogmatism". "There is not a scrap of evidence that the most able children cannot and do not achieve the best of which they are capable in non-selective schools and a great deal of evidence from successful schools that the opposite is true."

Struggling inner-city schools

would not get the support they needed. The measures would "encourage even more parents of able children to transport them across cities to schools in more privileged environments".

The selection proposals were "incoherent, unfair, divisive, cost-ineffective, administratively burdensome and potentially gender-biased".

Because girls do better in

tests than boys, more selection would lead to the creation of sink schools filled with disaffected and demoralised boys.

The secondary heads say

they are not against selection per se. Their president, Peter Miller, deputy head of Wren's grammar maintained school, Northampton, said: "We are against this unplanned and undemocratic extension of selection where individual schools can make their own decision and there is no mechanism for involving the rest of the community."

Dr Boaler argues that international maths tests in which British children have a poor showing assess knowledge that has little educational value and is increasingly incompatible with the demands of the modern world.

By comparison, at the "progressive" school, pupils worked on open-ended projects in

mixed ability groups in every maths lesson. There was very little whole class teaching and discipline was "extremely relaxed".

At the start of the three years there were no differences between the two sets of pupils in terms of mathematical attainment, gender, ethnic origin or class. Both schools had good maths teachers. But at the end of the three years pupils in the project-based school attained significantly higher grades, not because they knew more maths but because they had developed a more effective way of using it.

At the textbook school, many of the pupils were unable to use maths in day-to-day situations because they could not adapt their formal textbook procedures to anything other than textbook questions.

Dr Boaler argues that international maths tests in which British children have a poor showing assess knowledge that has little educational value and is increasingly incompatible with the demands of the modern world.

Both associations query whether parents are clamouring for more selection.



Tragic victim: British racer Dick Seaman (right), winner of the 1938 German Grand Prix, with Körpführer Adolf Huhne, the Nazi officer in charge of motor racing. Seaman was burned to death a year later when he crashed in the Belgian Grand Prix. Photograph: Chris Nixon Collection

Trendy teachers are top in maths

WENDY BERLNER

Pupils taught GCSE maths in a traditional way gained poorer GCSE results and were less able to use maths in real life than pupils taught by "progressive" methods, according to new research.

Dr Jo Boaler, a lecturer and researcher in mathematics at King's College, London, monitored 300 pupils from two London state schools for three years, from the age of 13 until they had taken their GCSEs.

In the traditional school, pupils were taught using whole class teaching, text books and frequent tests – the kind of methods being encouraged by Chris Woodhead, the Chief Inspector of Schools, the Secretary of State for Education, Gillian Shephard, and leading right-wing educationists. There were high standards of discipline, pupils were motivated and worked hard, and they were in sets of similar ability pupils.

By comparison, at the "progressive" school, pupils worked on open-ended projects in

mixed ability groups in every maths lesson. There was very little whole class teaching and discipline was "extremely relaxed".

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Both associations query whether parents are clamouring for more selection.

CHRIS MOWBRAY

A motor-racing enthusiast is planning to unravel a 57-year-old mystery by searching for the historic Grand Prix car which caused the death of the driving ace who was his boyhood hero.

Maurice Owen believes that the Mercedes in which Dick Seaman was killed lies buried under a chapel in the grounds of the former Worcestershire manor house which was his family home.

Seaman was burned to death in a crash at the La Source hairpin bend on the Spa motor racing circuit during the Belgian Grand Prix on 27 June 1939.

He was the son of a wealthy British Nazi sympathiser and the only non-German member of the world-beating Mercedes motor racing team which was the pride of Nazi Germany. He

started driving for the team in 1937 and won four races for them. Yet he was himself an anti-Nazi and his mother, Lilian Bette Seaman, who was held under house arrest during the Second World War, never forgave him when he patriotically had his silver Mercedes

repainted in British Racing Green.

Mr Owen, 70, the technical director of the Morgan Motor Company, believes that after her son's death, Mrs Bette Seaman had the wreck of his car brought to England and buried under a chapel which she turned into a

shrine in his memory. Mr Owen and a group of fellow-enthusiasts are seeking permission to search for the wreckage with a thermal imaging camera in the grounds of the family's former home, Full Court at Longdon, near Upton-upon-Severn, which is now the privately run Breton school. The group, which includes a former motor racing journalist and the American agent for Morgan Motors, is planning to make a film about the venture.

"I have been aware for some time of rumours of Dick Seaman's mother, who was an odd sort of person, brought the car back to Britain, and it is a fascinating story," Mr Owen said. "This is particularly interesting for me because I used to live near Full Court as a boy and often went up there to talk to the mechanics as they were work-

ing on the car. I even met Dick Seaman himself once and found him a very pleasant young undergraduate. He used to test his car up and down the drive outside the house."

The theory is that Mrs Bette Seaman obtained the remains of the crashed Mercedes with the help of Hitler's Foreign Minister, Count von Ribbentrop, who was a personal friend and who was often a guest at Full Court before the outbreak of war. The engine was retained by Mercedes and is now exhibited in the company's museum in Stuttgart.

Mercedes has four of the cars which made up the six-strong racing team. The sixth was owned by Nikolai Ceausescu, the late Romanian Communist dictator, and is thought to be in pieces in farm buildings somewhere in Romania.

Car fans search for lost Mercedes of the Nazis' Grand Prix hero



Fatal turn: The rain-sodden bend on the Spa circuit where Seaman's car crashed. Photograph: Ludvigsen Library

repaired in British Racing Green.

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international

Biker chick and invisible woman race for the White House

The image is deliberately fuzzy and timeless: the candidate's wife clad in a warm apricot-coloured suit, on a sofa in an airy flower-filled living room that recalls the North Carolina where she grew up. In her rich southern accent, she extols the virtues of her husband. "Bob Dole," she says, "doesn't make promises he can't keep."

Of the television advertisements the Dole camp has come up with, this one is perhaps the most effective yet, simultaneously ruffling away the veneer of harshness from the candidate's image, reaching out for the women's vote and underlining the issues of trust and character that are moving centre-stage in the campaign. But then again, with the possible exception of the retired general Colin Powell, Elizabeth Dole is perhaps the most potent weapon her husband has.

With less than four weeks left before the poll on 5 November, one of the campaign's most intriguing sub-plots has been the role of the wives. They have much in common; both boasting glittering Ivy League academic resumes, both trained as lawyers, both emblems of emancipated, high-achieving womanhood at the end of the 20th century, and neither of them

Hillary Clinton is being kept out of sight, but Elizabeth Dole is being played for all she is worth. **Rupert Cornwell** reports

of the least loved policies of the Clinton administration, above all, the failed attempt at health-care reform. Not a squeak is to be heard of Bill Clinton's campaign call of 1992, "Vote for me and get two for the price of one." On the stump, Mr Dole constantly refers to his wife. Mr Clinton almost never – and understandably so.

Among women, and in upmarket East Coast enclaves like Massachusetts, the First Lady remains a popular figure. But she is identified with many

public appearances a week – as many as he does, or more. Some are routine speeches at fund-raising events and women's clubs, variations on the theme of Bob Dole as "a workhorse not a show horse", contrasting the plain-spoken Republican with the glib, flashy and decadent occupant of the White House.

Others are less conventional – now more so than when she took to a motorcycle and roared on to the set of Jay Leno's *Tonight Show* last week, wear-

ing not her usual pearls and pastel-shaded *tailleur* but jeans and a leather jacket emblazoned with the words "Bikers for Bob". Then came one of Campaign 96's more absurd lines: "I've come a long way from Harvard Law School to biker chick."

Not quite what is expected from an elegant 60-year-old woman who has served in the cabinets of two Republican presidents and is on leave of absence from a \$200,000-a-year (\$130,000) post as head of the American Red Cross. But her purpose is clear – to remind viewers that Bob Dole is a human being, not a one-dimensional, self-satisfied cut-out who has spent his entire life on Capitol Hill, severed from the real world.

The advertisement serves to the same end. With Mrs Dole's insistence that "I know Bob Dole and you can trust him", it is part of Mr Dole's long-awaited autumn offensive on the Clinton character issue, which his advisers believe offers his best and perhaps last chance of erasing the president's big lead in the polls.

Plainly invigorated by his widely praised showing in Sunday's television debate, Mr Dole opened hostilities during a bus tour of New Jersey this week, and in a new batch of radio advertisements saying that America suffered from a moral crisis, originating "not in your house but the White House". It is now open season on Mr Clinton's slipperiness, Whitewater and other lapses. Most important of all however, Mrs Dole is a bridge to the women's vote that eludes her husband. The two candidates are running roughly level among men. Among women however, polls put the President 20 or more points ahead. Unless Mr Dole can sharply reduce that lead, he is all but doomed.

Thus far his wife's performances have won glowing reviews but not, it would seem, many new votes among that fashionable new swing vote of 1996, the suburban "soccer mom" exhausted by juggling jobs, home, and their children's sports fixtures. If anyone can bring the "soccer mom" back into the fold however, it is probably Elizabeth Dole.



Love me do: Once Hillary was part of Bill Clinton's act, but no longer. Elizabeth Dole, though, has come out fighting for her husband, Bob



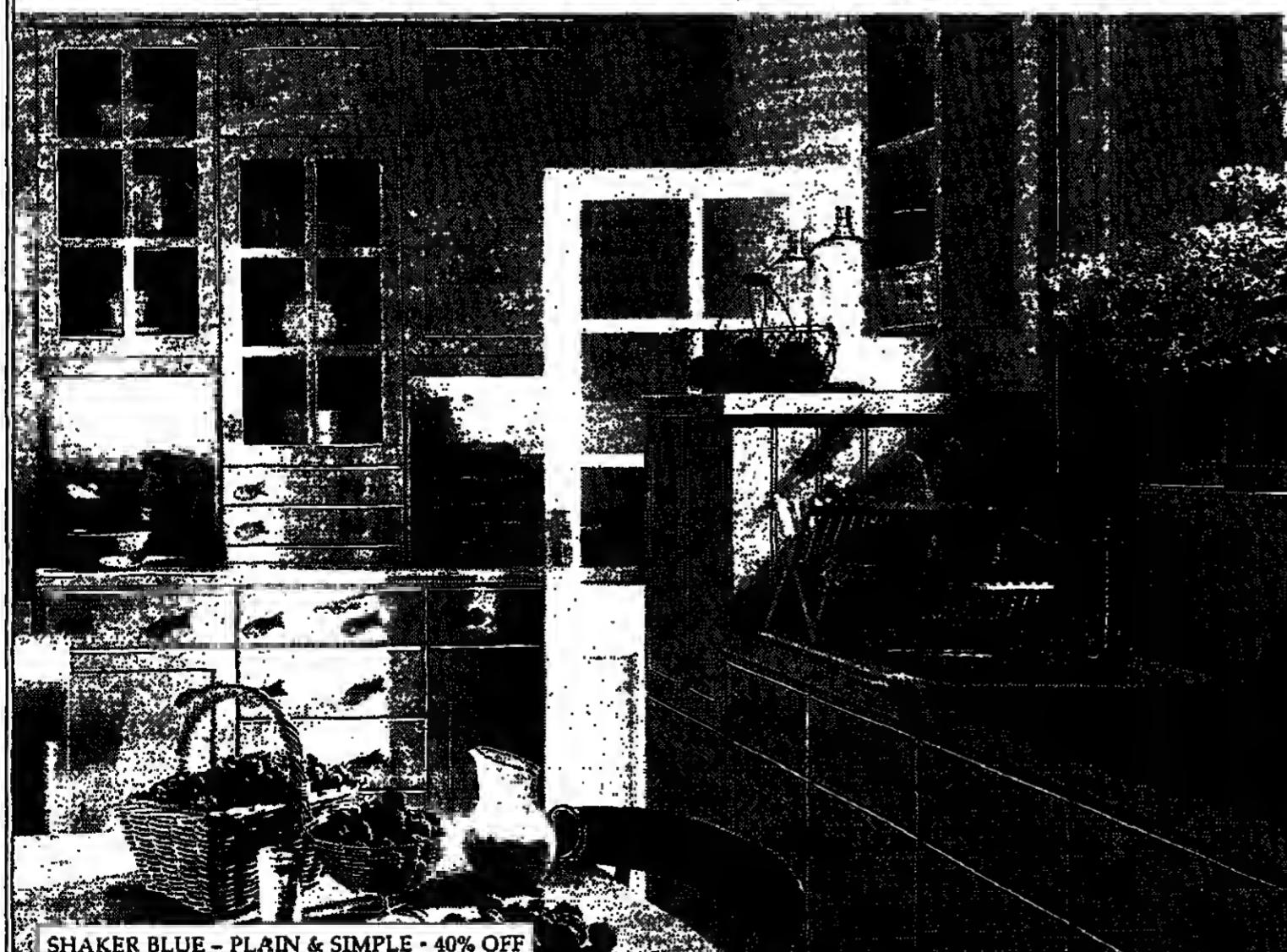
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Minorities under fire: Feelings high as xenophobia hits nationalist nerve in Australia and New Zealand

Outcry over attacks on Asians

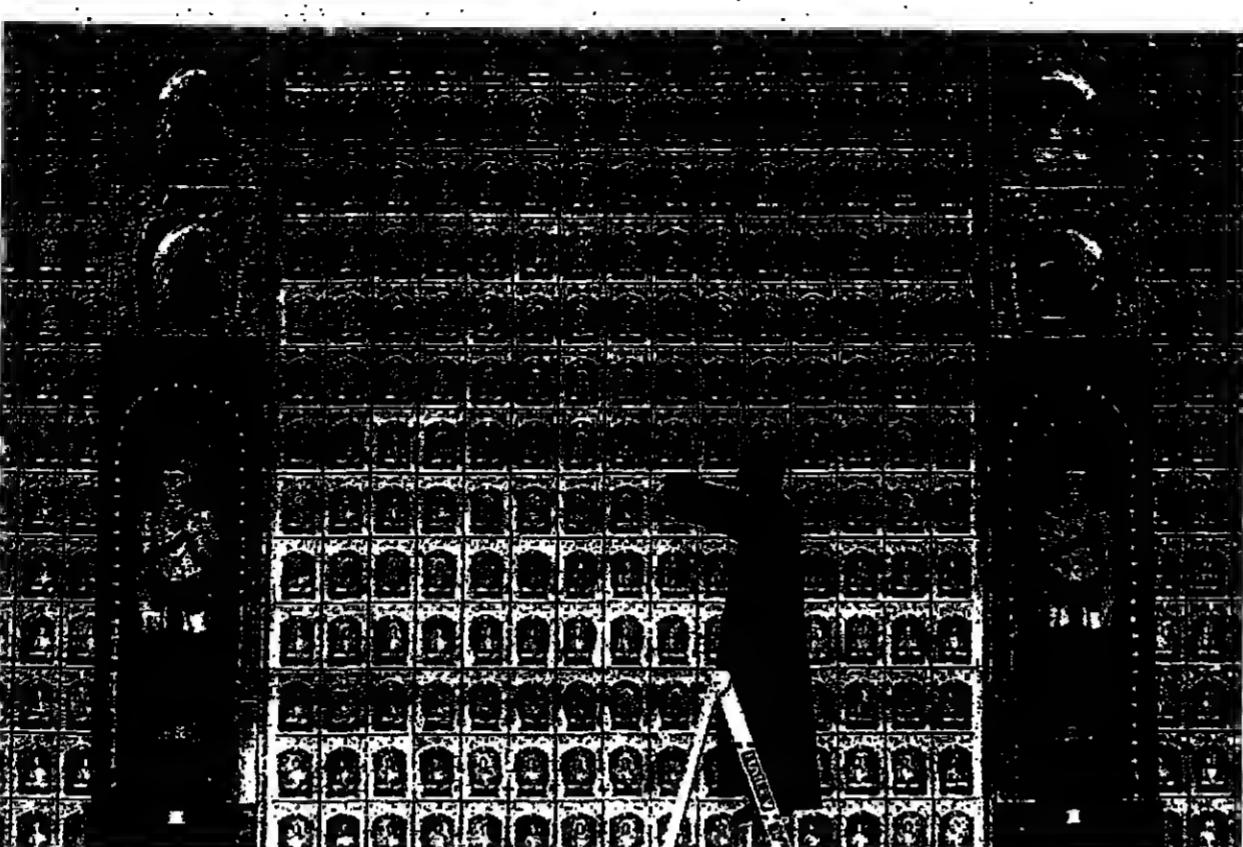
ROBERT MILLIKEN
Sydney

A new backlash against Asian immigrants and Aborigines has hit Australia, and has brought political pressure on John Howard, the prime minister, to define the furor.

The outcry was sparked by Pauline Hanson, a woman whom few Australians outside her home town of Ipswich in Queensland had heard of until recently, but who is now a household name. The former fish-and-chip shop owner was elected to federal parliament last March as an Independent MP. The Liberal Party, which Mr Howard leads, had ditched her after she attacked Aborigines and Asians in her election campaign, and called for an end to immigration.

But, since Ms Hanson repeated her views in her maiden speech to parliament a month ago, all hell has broken loose. She has appeared on television all over the country, been flooded with invitations to speak at functions and was given a standing ovation when she spoke at a fund-raising dinner in Brisbane last week for the National Party, the junior partner with the Liberals in the ruling conservative coalition.

Ms Hanson told parliament: "We are in danger of being swamped by Asians ... who have their own culture and religion, form ghettos and do not assimilate." On Aborigines, she said: "Along with millions of Australians, I am fed up to the



Home from home: The Rev Man Chu checks 8,000 statues of Buddha in a temple near Sydney

Photograph: AFP

back teeth with the inequalities that are being promoted by the government and paid for by the taxpayer under the assumption that Aborigines are the most disadvantaged people in Australia." She called for an end to Australia's foreign aid,

a review of its United Nations membership and a return of national service for 18-year-olds.

An opinion poll published on Tuesday showed that 48 per cent of respondents supported Ms Hanson's views and 38 per cent opposed them. In New South

Wales, the most populous state, her support was 53 per cent. Another opinion poll revealed that 71 per cent of Australians thought immigration levels generally were too high.

At first, Mr Howard ignored

Ms Hanson, telling Liberal MPs

tacks. Gary Hardgrave, a Liberal MP from Brisbane, said that Asians had been spat on in the city's streets. Bill O'Chee, a Queensland Liberal of Chinese descent, said a woman married to an Asian man had been subjected to "frightening racial abuse". More than 100 Chinese-Australian organisations sent a joint letter to Mr Howard yesterday accusing him of tacitly supporting her views by refusing to condemn them.

Ms Hanson's remarks have

been reported widely in Asia, where Australia conducts some of its most significant trade. Chris Brown, the chief executive of the Rourou Task Force, a lobby group, wrote to Mr Howard demanding that he come out strongly against Ms Hanson "for the sake of economic rationality and cultural responsibility". He said: "We cannot allow the rest of the world to think of us as 'white trash' or a nation of 'rednecks'."

In parliament on Tuesday, Mr

Howard praised the "immense" contribution that Asian immigrants had made to Australia. Earlier, he described Aborigines as "the most disadvantaged of all Australians". But his remarks sat uneasily with those he had made before he became prime minister, when he referred to an "Aboriginal industry" and said he thought that levels of Asian immigration were too high. As long as Mr Howard declines to round on Ms Hanson, the MP from Ipswich is reasonably assured of continued media prominence.

significant shorts

Quake hits swath of the Middle East

An earthquake rocked a swath of the Middle East, swaying buildings in Cyprus and sending people running into the streets of Cairo. It was also felt across Israel, Syria, Jordan, Lebanon, western Turkey and some Greek islands. Five residents of Paphos, Cyprus, were slightly injured and a number of buildings suffered mild damage. AP - Nicosia

Legal respite for former Indian PM

The former prime minister PV Narasimha Rao won temporary legal protection against arrest in a criminal forgery case. Delhi High Court Judge SK Mahajan granted Mr Rao protection against arrest until a lower court holds a hearing in the seven-year-old case on Monday. Reuter - New Delhi

Killings raise Korea tension

The murder of three South Korean civilians, blamed by the Defence Ministry on North Korean infiltrators, added fuel to a crisis sparked by last month's intrusion of 26 North Koreans aboard a submarine. Reuter - Seoul

Swiss thought for food

Zurich is split over whether to poison or to eat a swarm of American crayfish that have colonised a pond in the canton and are threatening to devour local bugs, fish and plants. The authorities want to use insecticides but residents are urging the canton to use nets, combining the goal of crayfish eradication with a culinary reward. Reuter - Zurich

First Chinese MP to fight ethnic corner in Wellington

DAVID BARBER,
Wellington

A wave of anti-immigrant feeling throughout New Zealand has stirred the political awakening of the country's 185,000-strong Asian community which is expected to turn out in force for Saturday's general election.

As a result, New Zealand is poised to elect its first ethnic Chinese Member of Parliament, 130 years after the first immigrant gold miners from China arrived. Panay Wong, a 41-year-old Christchurch accountant born in Shanghai and educated in Hong Kong, is almost certain to be elected on the conservative National Party ticket.

Chinese immigrants were denied citizenship and the right to vote until the early 1950s. Since then, they have largely ignored the political process. "They always thought it was a white man's country," said Ken Yee, another National Party candidate who concedes he has

only a 50-50 chance of election. Mr Yee, 43, a Canton-born lawyer, was brought to New Zealand by his immigrant parents when he was two.

One man is largely responsible for the immigrants' political awakening - Winston Peters, leader of the nationalist New Zealand First party, who earlier this year made a series of speeches on the theme: "Whose country is it anyway?"

Although he denied charges of racism, Mr Peters tapped into a xenophobic among white New Zealanders. Asian immigration has soared in recent years, with 20,851 people from Taiwan, China and Hong Kong being approved for residence in the 12 months to last June.

The government said the immigrants brought the money and skills New Zealand needs, but Mr Peters said many did not speak English, had no commitment to New Zealand and forced up house prices in Auckland, where most have settled. He called for an annual limit of

10,000 migrants, who would be admitted on probationary visas.

His speeches were blamed for an outbreak of racist attacks on Asians, and prompted the formation of the Ethnic Minority Party, led by Robert Hume, 42, an Auckland banker who migrated from Kuala Lumpur 10 years ago. He claims 120,000 members, and says he documents 240 racist incidents.

"The yellow-peril syndrome has become a paranoia here," he said. The National Party's Mr Yee had one of his election billboards defaced with the words: "Chinks eat cats."

The Asian communities, like European voters, have different electoral priorities, but one common goal - to stop Winston Peters. It may be a lost cause. While New Zealand First's popularity has slipped during the campaign, polls indicate that Mr Peters is likely to be the kingmaker - able to choose whether to join a coalition led either by the Nationals or the main opposition Labour Party.

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EAGLE STAR

international

Life mirrors soap when east meets 'EastEnders'

MOSCOW DAYS

Now I don't want to sound snobbish, but dinner parties among Britons in Moscow have changed. A year ago the agenda was clear: Boris Yeltsin's health, the warring factions in the Kremlin, the difficulties of trading in a market swash with mafiosi. All this, followed by a spot of light moaning, over the port, about how hard it still is to find everyday products, like shoe laces in the shops.

Now you can forget it. Visitors to Moscow, be warned. Do not accept an invitation from a fellow countryman unless you can hold your end up in a lengthy debate about that most English of institutions, the popular television soap opera *EastEnders*.

And we're not talking about a vague chat: you must be the master of every detail; the attempted assassination of Ian Beale, David Wicks' adultery, Phil Mitchell's drunkenness. Call a Mitchell a Witchell, mix up a Cathy with a Cindy, and you might as well have muddled Tolstoy with Trotsky. What more would you expect from a foreign community which has

**Mix up a Cathy
with a Cindy and
you might as well
have muddled
Tolstoy with Trotsky**

spent years studying every detail of the inner workings of the Kremlin?

Obsession is not too strong a word. The wife of a high-flying British executive complained recently of being woken as her husband sleep-ranted about the soap's latest twist. Any unexpected development sets Moscow's telephone lines burning. Hosts have been known to time their parties to avoid clashing with the serial. "The thing is," a hopelessly addicted friend recently told me, "it is all so... Shakespearean".

The peddler of this addiction is a Russian cable company, Kosmos TV, which pipes a package of British, American, French, Russian, German and Italian channels into the homes of those wealthy enough to afford their fees. Until recently their market, which is confined to the Moscow region, was almost entirely expatriates – diplomats, businessmen, and journalists who depended on CNN, the US network NBC, and the BBC. But in the last 10 months, it has seen a sudden rush of thousands of Russian subscribers – some 8,000, according to the company. Wealthy Russians, who have travelled to the West and want to remain in touch with the outside world, can now bring you up to date with the last airing

of *The Antiques Road Show*, *Dad's Army*, *Are You Being Served*, or – unfortunately – *Noel's House Party*. If *EastEnders* were more comprehensible to non-English speakers (or non-Eastenders, if the truth be told), then no doubt it would have a large Russian following.

Certainly, the appetite is there; the Russian addiction to soap operas rivals that of the British. In fact, it is so strong that the Russian television companies – keen supporters of Boris Yeltsin – contrived to lay on extra episodes of *Santa Barbara* and the Latin American soap *Tropicana* on election day last July, in the hope that the Communist-supporting *babushki* (grandmothers) would decide to stay at home in front of the television.

In the last few months, a new programme called *Man in the Mask* has appeared on Russian screens. It delves into those areas which the country still finds hard to confront. Guests appear in front of a studio audience clad in steel mask. Last week, we saw a homosexual who explained that he could not discuss his sexual orientation on television without a disguise – a claim that is highly credible given Russia's macho culture and widespread homophobia. Before that, it was an alcoholic. The ratings are soaring.

Soon there will be more. Russia's five main channels will face rivalry from three new cable and satellite networks, which intend to bombard the 148 million population with sport, music, films, news and – of course – advertising. The largest of these, NTV Plus, is run by NTV, a private company which had a reputation for independence until the presidential election, when it used the airwaves shamelessly to support Mr Yeltsin. Another new outfit, Ren-TV, has the backing of Yuri Luzhkov, the powerful mayor of Moscow and likely contender to fill Mr Yeltsin's shoes.

None of this will make any difference to Moscow's hard core of *EastEnders* fans. Whatever is beamed down from the heavens is unlikely to break their habit. They know the two places have much in common. They both have an alcohol addiction, though Russia has the bigger problem: the sight of a dead-drunk man unconscious on the ground merits no more attention here than an overturned dustbin. (Not long ago, I watched a group of youths using a comatose drunk as a stepping stone on the pavement). Contract killers (the square's latest drama) run amok. They both have clans, family feuding-gossip. Is it too much to suggest that Albert Square could very easily be Red Square? Or have I been to too many dinners?

Phil Reeves

Afghan rebellion: Toppled regime tries to stage fightback with support of powerful neighbour



Photograph: John Moore

Ferocious mountain offensive leaves defiant Taliban bloodied

LAURENT HAMIDA
Reuters

Qalat, Afghanistan, — Taliban officers claimed yesterday they had contained a major counter-attack in the Salang Pass through the Hindu Kush mountains, by forces of former government military chief Ahmed Shah Massoud, after fierce fighting.

"It was hard to contain the attacks and the fighting was very serious, but we brought up heavy reinforcements and halted it. We are now in control," said Maulavi Khairullah Haqani, the Salang battlefield commander of the Islamic Taliban militia, which took Kabul on 27 September.

But his front line at Qalat, north of the Taliban headquarters town of Jabal-e-Sarai, was 15-20km south of where it had been before the attack began on Tuesday morning.



Erika Pilhar: Charged with harming her daughter

He refused to discuss casualties or where the reinforcements had come from at his front-line post, where the road was littered with shell-casings and clearly exhausted and nervous Taliban fighters.

But western aid workers quoted witnesses in Jabal-e-Sarai as saying they had seen at least 100 dead Taliban and many more wounded being ferried from the battlefield.

"One counted 39 bodies before it was brought down in just an hour," one source said. They added that the assault on the Taliban was led by Basir Solangi, Massoud's commander in the Salang Pass, who withdrew north into the territory of Uzbek leader, Abdul Rashid Dostum, as the Islamic militiamen pressed north from Kabul.

They said the attack had forced the Taliban to suspend their so-far unsuccessful attempt to break into Massoud's west of Mazar-i-Sharif in northern Afghanistan. Rahmani sounded almost meek by comparison to his remarks on Monday, when he vowed to take the offensive against the Taliban.

"We do not support more war. Everything possible should be achieved through negotiation," he insisted.

Mr Rahmani arrived in Mazar-i-Sharif on Tuesday for

Panjshir valley fortress from the town of Golbahar, astride the narrow, winding gorge leading into it.

"There are no Taliban left in Golbahar. They've all been switched to the Salang," said one. He said the Taliban had suffered about 270 casualties –

The deposed Afghan president Burhanuddin Rabbani pleaded yesterday for negotiation, not confrontation, with the Taliban forces who drove him and his government from Kabul and now control two-thirds of the country.

Speaking to reporters just

his first meeting in three years with Dostum, whose military and political support is needed to stem the Taliban tide.

Mr Rahmani said his aim was to form a broad-based and united front against the Taliban and that he had invited all factions to join him in an effort to reunify the country.

"Our first aim is restore security to the country and to stop the fighting. We are trying to create understanding and communication among all the ethnic groups," he said.

"This has been told to the Taliban too. If they don't agree, then maybe the front will have to make some military and political decisions too."

A spokesman for the ousted

Afghan prime minister, Gulbuddin Hekmatyar, said Mr Hekmatyar supported efforts to forge an anti-Taliban alliance between General Dostum and the former government.

But Ghairat Baheer, designated ambassador to Islamabad by Mr Rabbani, said Mr Hekmatyar was unlikely to be present in current talks between General Dostum and Mr Rabbani.

"Hekmatyar is busy with something else, but Rabbani can speak on behalf of the whole government," Mr Baheer said.

Forces of Mr Hekmatyar's Hezbi Islami party were fighting alongside those of Massoud, in the Panjshir Valley, he said.

The International Committee of the Red Cross said yesterday that the Taliban militia attacked and detained a member of the ICRC in Kabul.

A spokesman said Swiss national Jean Goudie, who supervised detention issues in Kabul, was assaulted on Monday night. Several Taliban guards beat him and then took him to the foreign ministry and then to a jail. He was released on Tuesday morning.

Parents on trial for cancer treatment refusal

Vienna, Austria (AP) — The parents of a girl whose battle with cancer filled news pages across Europe last year went on trial yesterday charged with inflicting grievous bodily harm on their daughter.

They were also charged with removing a minor from the influence of a court-appointed guardian by fleeing with their daughter, Olivia Pilhar, to Spain to avoid chemotherapy and surgery on an abdominal tumour. Erika and Helmut Pilhar pleaded not guilty to the charges. Their lawyers argued that "they pursued the way deemed appropriate for responsible parents". If convicted on both counts, the parents could be sentenced to a maximum of three-and-a-half years in prison.

In June 1995, a court removed Olivia, then six years old, from her parents' guardianship. At that time, the tumour weighed four kilograms and almost filled her abdominal cavity. Doctors estimated her chances for survival had diminished from more than 90 per cent to a mere 10 per cent.

Against the will of her parents, doctors began chemotherapy to shrink the tumour. When they operated, the tumour was down to one-tenth of its former size. One kidney was disabled, and was also removed.

Doctors said recently that Olivia's health had improved markedly and that she is likely

to recover completely. But it would take about two years to establish with any certainty that she will survive.

The tumour was tiny when it was discovered in May 1995. But it grew rapidly as the parents refused chemotherapy. In the advice of a former doctor who was opposed to conventional cancer treatments, The doctor, a German, had been stripped of his medical licence in 1986 because of his controversial views.

In court, Olivia's father detailed the family's ordeal from the time the cancer was diagnosed. He said that after many misgivings, he and his wife had decided to remove their daughter from conventional care and entrust her treatment to Gerhard Ryke Hamer, the banned German doctor.

After a later court appearance by Olivia's mother, the trial is due to continue tomorrow, and a verdict is expected the same day.

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BACK TO
BOSNIA

The painful search for reminders of Radovan

Sanski Most — Radojka Todorovic had told us that she and her husband had fled from their home at 14A Braca Jugovic street, that the Muslims who now lived there were kind, and that her missing son's photograph still lay in the house.

Her tears made it impossible to refuse her plea to retrieve it. But the Muslims who captured the town almost a year ago had renamed some of the roads; and many of those same Muslims had been driven from the very area in which the Serb Todorovic family now lived, in the "cleansed" farmland of north-western Bosnia. Their hearts would not be warmed by my story of Radojka Todorovic's grief as she tried to identify the remains of her only son in Banja Luka's warehouse of death.

Sanski Most was a shared town in the pre-war days of old Yugoslavia, and it did not take long to find a policeman who remembered the old Braca Jugovic street, turn right after the bridge, Radojka Todorovic had told us, and you'll find the house after 300 metres, a single-storey villa with an out-house at the back, the upper floor reached by a wooden staircase.

The Muslim policeman mentioned the bridge and number 14A stood as Radojka described

it, white-walled beside a garden of fruit trees with a bench below the outhouse stairs. Mustafa Mahic was sitting on the bench and he wasn't happy.

"Todorovic? Todorovic?" he asked, frowning and looking at his son. "They were some of the worst of the Serb war criminals, we know the name well." A common name, I mumbled, as he knew well. Of course, the Todorovic family was large, but Radojka and her husband, Nicola, and their missing son were not war criminals.

I described, as the two men listened to me in a cold silence, how I had watched the couple trying to identify the heap of bones and flesh in Banja Luka's awful makeshift mortuary the previous day, how their only son Radovan had been a student until forced to join up on 21 August last year, only to disappear at the front 18 days later.

I had seen his student papers and military documents, I said. He had never been a criminal. There was a young daughter, Visnja. The mother wanted only the family papers and photographs, along with a snapshot of Radovan taken four months before he left home for the last time, celebrating his graduation, along with his girlfriend.

"Who killed him?" Mustafa Mahic asked. The Croats, I said truthfully, and the hardness

in his face softened as if he had suddenly grown older than his 71 years. He pointed at his chest. "I was in the Manjaca camp," he said. "So was my son." I had feared this. Like most of the survivors of the Serb ethnic "cleansing" of Prijedor and Kozarac, he had been sent to one of three camps, the least terrible but murderous, none the less.

I had visited Manjaca myself in 1992 and seen the wrath-like prisoners, forced to wear military clothes, kicked and beaten when visitors were not present, occasionally bludgeoned to death. "I don't know how I survived," Mustafa Mahic said. "What is Kozarac like now?" he asked.

It was pointless to lie. I had just driven up into his village on the other side of the old front line, to look at the wreckage of the 1992 Serb assault on the Muslims of north-west Bosnia. Every home had gone, I said. Torched, gutted, the farmlands overgrown, the roads broken.

Mahic nodded. "I know," he said. It had been a test. Then his son motioned to the staircase that led to the upper floor of the outhouse. "The only things we found here were up there."

In the attic of the building lay a pile of papers. They were patheitic; copies of dust-covered women's magazines, a history of Marxist ideology in cyrillic script, a 1991 newspaper, a



Casualty of war: An earlier picture of Radovan, who was captured just days after his call-up

child's geometry and algebra book. Beneath them, I found a framed photograph of a little girl sitting in a school classroom, smiling shyly at the camera as she sat on a bench in a pink dress. Beside it was a heap of exercise books, each clearly entitled in biro: "Visnja Todorovic." But there was no photograph of Radovan.

That's all there was but you're welcome to look some more," Mustafa Mahic said. We rummaged under heaps of wood and old blankets and

pruning books, but there was nothing more. I gathered up the school papers and the picture of the schoolgirl Visnja and her exercise books. I thanked the man and his son and told them they had been kind.

"We are kind people," the old man said and stroked his chin. "I was a Partisan in the war and fought all over eastern Bosnia for the liberation of my country from the Germans. Then in 1992, I was rewarded by being thrown from my home and more than 40 members of my

family were slaughtered like animals by the Serbs. Maybe now the Todorovic family would like to swap their property officially with mine."

It was a familiar suggestion in Sanski Most, the careful, painful legalisation of "ethnic cleansing", the Serbs and the Muslims swapping property papers to recognise their new refugee homes as their own. I didn't volunteer to take this message to the Todorovic family. Their Mustafa Mahic added suddenly: "It's a strange thing — we are made in the image of God and yet we want so much to destroy each other."

I thanked him again and drove back to the Serb city of Banja Luka, past the young British soldiers and their three tanks on the old front line. It took just over an hour to return and call the Todorovic family on the phone. A cousin answered. She did not care that I had not found the picture of Radovan. Anything from the old home would be dear to Radojka and her husband, she said, translating for the couple at the other end of the phone line.

Yes, Radojka wanted all the papers and the photograph of Visnja, she went on. "Radojka wanted anything from her old home," she added. "I have told her what you have brought and now she is crying."



Parents' anguish: Radojka and Nicola trying to identify their son's remains

'In the attic lay a pathetic pile of papers, dust-covered magazines, and a heap of school exercise books, but no photograph'

international

Canada loses top officer to ghosts of Somali past

Second chief of staff forced to resign as scandal rumbles on

HUGH WINSOR
Ottawa

It was more than three years ago that trigger-happy members of the Canadian Airborne Regiment, based in northern Somalia as part of a UN peacekeeping mission, shot and killed one Somali looter and tortured another to death. But the reverberations of those shots are still shaking up the government of Prime Minister Jean Chretien, claiming the head of the Canadian Armed Forces chief of staff this week.

General Jean Boyle, formerly an air force fighter pilot, was relieved of his command on Tuesday, the second chief of staff whose military career has been terminated by the Somalia scandal.

There is much more at stake than pinning the blame for actions on a small rogue element within the now-disbanded Canadian Airborne Regiment, during an unsavoury assignment. The Canadian forces' experience in Belet Huen has become the thread that is unravelling one of the sources of Canadian national pride and a cornerstone of Canadian foreign policy — its widely-respected participation in UN peace-keeping. A former Canadian prime minister, the late Lester Pearson, won a Nobel Peace Prize for his role in establishing the first UN-sponsored peace-keeping force, following the 1956 invasion of the Suez Canal zone.

Canadian soldiers, airmen and naval officers have been sought out for their repeated impartiality and technical competence, often providing the communications and logistical support for UN missions throughout the Middle East, Africa and now Haiti. So much so that the UN blue beret is now an important Canadian symbol.

Six soldiers, including two officers, have been charged and convicted for their varying degrees of responsibility for the torture and death of a Somali teenager while in custody, but the inquiries prompted by that murder and the other shootings has revealed widespread malaise within the Canadian army.

It was subsequently revealed that senior officers knew the Airborne regiment had serious discipline problems before it was sent to Somalia and that there were several instances of racist behaviour. Some members had boasted that they were going to Somalia "to shoot niggers". The chief of staff in charge at the time of the Somalia deployment was forced

out and General John de Chastelain, who had retired and been made Canadian ambassador to Washington was called back to renounce the position of chief of staff with a mandate to clean the house. But he retired again last January and was replaced by General Boyle, who apparently had no connection with the Somalia affair.

That turned out not to be the case, as the Somalia inquiries probed deeper. It turned out that General Boyle, who was in National Defence Headquarters at the time of the Somalia incidents and responsible for communications policy, had been part of an effort to prevent the media from obtaining information about the incidents.

Documents that ought to have been made accessible to the public were shredded or altered. Although he came under heavy criticism, General Boyle clung to his job because David Collinette, who had been



Impact: Jean Chretien has been shaken by the Somalia atrocities

the Minister of National Defence since the Liberals took power in 1993, consistently supported him.

Mr Collinette was forced to resign from the government last Friday on an unrelated matter. He had signed a letter to the Immigration and Refugee Board, a quasi-judicial body, on behalf of a constituent, which is contrary to the ethical guidelines that apply to ministers of the Crown.

Without a protector, General Boyle's own fate was thus sealed, especially since the new defence minister, Douglas Young, subsequently refused to give him a vote of confidence after a long meeting on Monday.

The next day, General Boyle delivered his ceremonial sword and letter of resignation to Mr Chretien's office and they were accepted.

From Big Bang to city scandal: 10 years of independent business. Pages 22-23.

atment ref

I SPEND MY HOLIDAYS
ate my expression



A glimpse of Major's winning personality

John Major, it is sometimes said, would easily win any election if only the voters had a chance to meet him personally. He has a great talent for chatty, direct, in-the-flesh communication. He is a poor conventional orator. He can come across as dazed. But his eyeball-to-eyeball skills are remarkable. Conservative Central Office made a political fetish of his soapbox speaking in the 1992 campaign, and the box has now been turned into a political talisman or relic in Tory campaign videos. This is based, though, on a simple truth: Major is good when confronting a live audience. And he is getting better still. In his question-and-answer session at the Bournemouth conference yesterday he took tough questions; he answered some, he dodged others, but he did it all with relish and good humour. Shedding his jacket and speaking conversationally rather than rhetorically, he was clearly enjoying himself. He told good stories, with a decent comedian's timing.

More important still, the Prime Minister responded to some loaded, dogmatic questions with undogmatic and realistic answers. He did not succumb to cheap populism. He gave few hostages to the conference ultras, waiting so avidly for a little barbarism or unrestrained anti-Europeanism to applaud. His explanation of why he

would not rule out British membership of a single European currency was nuanced, unheroic and compelling. Remarkably, given the Tory party's dark passions on this subject, this moderation was strongly applauded.

This is not to say that we agree with everything Mr Major said. He is deeply wrong in his arguments against political reform and his defence of the United Kingdom: it is not Labour or Liberal Democrat devolution which threatens to tear the country apart, it is the obstinate Tory refusal to listen to the persistent and reasonable Scottish majority voice which wants a parliament in Edinburgh. Major's enthusiasm for opening public sector trade unions to actions for damages by members of the public presses hard against the spirit, if not the letter, of Britain's legal obligations to protect the rights of free trade unionism. When asked by a Conservative representative to respond to the Dunblane massacre by taking a lead on the banning of privately held handguns, Major declined; instead, he should have taken the right and popular step, ahead of the Cullen inquiry. And his expressions of injured innocence in the face of the evidence surrounding the Hamilton case – his table-smacking impatience at the smearing of his party – was a grossly inadequate response to serious questions.



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But if yesterday's performance was really "John Major in the round", then it was impressive and, in tone, attractive. He is a formidable, gutsy campaigner who is at his best when his back is to the wall. Many in the Conservative Party, never mind the country, have complained about the quality of his leadership during the past few years. But the party could not ask for a better leader as it hurtles into this extended election campaign. Rather like Iain Lang, another of the star performers yesterday, the Prime Minister is effective precisely because he is not over-demonstrative. He is bad at being sim-

plastic. In these unheroic times, his very lack of charisma is not unappealing. It is tempting, therefore, to praise the party leader and soar at the party – to say that John Major would be great if only he wasn't saddled with these maddened Euro-schismatics and Newt Gingrich-speaking extremists. This is an analysis with which much of the country would agree. Major remains relatively popular, and is regarded as decent; the Tories collectively earn neither of those descriptions.

There is, however, a flaw: it is that the state of the Conservative Party today cannot be separated from the actions

and style of the man who has been its leader for the past six years. Mr Major in the round, as we saw him yesterday, is not Mr Major in completeness. Yesterday was his best self, doing what he does best, in pursuit of what he is most successful at doing (getting elected). But his original leadership decision, to seek compromise between the different factions of the party, has been partly responsible for Tory turmoil. Had he taken a clearly and ruthlessly pro- or anti-Maastricht position from 1992, and stood by it, there would have been bitterness and rebellion, but most of the party would instinctively have rallied behind him. More recently, he cannot be cleared of all blame for the stream of leaks directed at various colleagues, notably Kenneth Clarke. He has allowed his people, at Conservative Central Office and Number 10, to whisper supportively to those who want Britain to rule itself out of a single currency now. By allowing it, he has in effect encouraged it. And this whispering has persuaded the antis to keep pushing in the belief that they will further shift the policy. It has helped to cause the very problem that Major complains about.

This muttering and temporising is the less attractive side of the Prime Minister, and contrasts with the common sense on show yesterday. There is no point in being outraged about it. Politicians are like the rest of us, a mix of

good and bad, sneaky and frank, open and closed. We know that leaders have been brought down by their own character flaws since the Greek tragedians began to compose. Our guess is that Mr Major's campaigning brilliance and personal appeal at this stage of his administration will not be enough to save him from the consequences of his taste for wily compromise in the previous four years. But his best self is, after all, very appealing indeed. Opposition politicians should get the video of yesterday's triumph, and shiver a little.

Fun at 'The Sun'

Schadenfreude has, of course, no place here. No one at this end of the newspaper market would want to revel in the sad and sorry sight of a deliciously smutty and very important story about the former wife of the heir to the throne proving to be fake. It could happen to anyone. It just happened to happen to *The Sun*. The fact that it was the victim of this cruel hoax had nothing, nothing whatever, to do with excess zeal or haste in hunting down the truth. It was simply bad luck.

So, how shall we put it? What about... YEAH!! IT WOZ THE SUN WOT MUFFED IT!!!

Vouchers eat into council nursery places

Sir: Your leader on nursery vouchers (7 October) correctly exhorts the Government to forget dogma and allow time for a proper evaluation of the four local authorities which are currently testing the scheme.

What a pity you too fell prey to a dogma about Labour councils, referring to them as "typically blinkered". "Cautious, realistic, far-sighted" would be more appropriate epithets for councils which doubted the capacity of a scheme so obviously ill-thought-out to provide extra nursery places.

In Barnet, now a Labour-controlled council, we have given nursery education a top priority, expanding our provision by two extra nursery classes a year since our election in May 1994. Only the shortage of capital funding to adapt or extend buildings, and of revenue funding for staff and equipment, have prevented us moving at a faster pace.

If the money spent by the Government on advertising and administering the voucher scheme had been allocated to councils, we could have created more nursery places. Instead of this, the stability of our reception classes, which take children in the term before their fourth birthday, is threatened, together with nursery classes which take in both three- and four-year-olds.

Money currently used for the education of four-year-olds will be withdrawn from local education authorities, and only returned on a quarterly basis if each pupil's parent has managed to fill in and hand in five separate vouchers, one for each day of the week. This assumes the parents have all applied for and received their vouchers. Those not entitled to child benefit, such as refugees, who need a place most of all, will not even be given vouchers.

Existing high-quality, publicly funded nursery education will be put at risk for the financial benefit of parents already able to pay for private nursery and child care, who will receive a bonus of £1,100 just before the election. Yet despite Margaret Thatcher's promises, at no time has the Government offered money to councils for building, staffing or resourcing a programme of nursery expansion.

It is because we have had our eyes wide open that Labour councils have looked at the voucher scheme and seen through its shoddy pretence of concern for our children and their families. Councillor ANNE JARVIS
*Chair of Barnet Council's Education Committee
London NW4*

Sir: The 100 or so delegates at a nursery voucher conference staged by Wandsworth were, I think, a little bemused by Fran Abrams's report of a so-called "leaked" council document conveying our experience of piloting the scheme ("Council pressure ministers to drop nursery voucher scheme", 7 October).

Education officials from all parts of England and Wales had come to Wandsworth to hear first hand how the implementation of the vouchers had been handled. Our in-confidence publicity had made no secret of the fact that there were lessons to be learnt from the Wandsworth experience – particularly in the way information is provided to parents, many of whom may already have four-year-



Michael Heath's Britain: Tory party conference, Bournemouth

olds in school. You might fairly have reported that despite the inevitable misunderstandings at the start of such a controversial initiative, some 96 per cent of eligible Wandsworth parents claimed their vouchers.

You might equally have acknowledged that in a borough where every four-year-old is already guaranteed a nursery education, the potential for new places emerging was always going to be limited in the short term. You might too have conceded that where new places are being added – as they now are – these can prove immensely valuable as an extra stimulus for quality and high standards in competing schools.

The message from Wandsworth is that vouchers work – there are no administrative problems that

would not exchange the caring relationship she has had for the past two years with her childminder for the convenience of a nursery place for 10 hours a day.

While my initial search for a childminder was extremely arduous and a nursery place for a whole day would have been a simpler solution, I believe my daughter has benefited far more from that close relationship, the trips to the shops, park, library, playground etc – the stuff of everyday home life for most babies to four-year-olds – than she would have from being "educated" in the more impersonal environment of a nursery. The disciplines of full-time education will be upon her soon enough.

SUZY ROSENTHAL
London N8

Sir: Margaret Hodge's article on Labour's plans to open "early excellence centres" for children from birth to the age of five sounds a wonderful solution to the childcare problems of working parents (3 October). But as a part-time worker and mother of a three-year-old, I remain to be convinced. My child is one of those who, having just started nursery for two and a half hours a day, is "shunted from home to childminder, to nursery, back to childminder, and eventually home". However, I

between provisional diagnosis of a malignancy and the confirmation by investigation, exploratory surgery and biopsy. Formal surgical treatment still cannot start immediately. It usually has to be planned in consultation between the surgeon and the oncologist (radiotherapy and chemotherapy). As soon as the decision to operate has been made, the patient goes on to the next available list, often resulting in cancellation of a less urgent operation.

No government can arrange for the instant treatment of cancer. K. FERRIS FRCS DLO (retired)
Coxheath, Kent

Lobbying helps children too

Sir: In accusing the NSPCC of "wasting hard-earned pennies" by attending the Labour Party conference, Polly Toynbee (4 October) misunderstands this part of our work. Most of our money goes to provide direct services to children. However we also lobby for political and judicial change. We know that only by ensuring that the voice of children is heard by those in positions of power can we hope to create a world where children's rights are taken seriously. The hard-earned pennies of the NSPCC could not be better spent.

PHILLIP NOYES
*Director of Communications,
NSPCC
London EC2*

Jury worries need an airing

Sir: I refer to Glenda Cooper's article "Twelve confused men and women" (30 September) and the ensuing correspondence (3, 4 October).

Do not blame the judges! They are given, by precedent, a simple definition of proof of guilt – by making the jury sure of it. Often the jury are also told that if they think the defendant's explanation is true, or may be true, they must acquit, because they cannot be sure of guilt. Beyond that, judges are strongly discouraged from elaborating.

Sam Rothenstein's jury presumably concluded that there was reasonable doubt because, although none of them believed the defendant's explanation, it was possible in fact and not fanciful, and they were not convinced he was lying. If so, that was a conscientious approach, not invalidated by the defendant's many previous convictions.

However, juries' concerns have been too long hidden, and it may be that judges do need to give greater assistance. Certainly, the article and Mr Rothenstein's letter give further weight to calls for research into the jury system, now supported by the new Lord Chief Justice, Lord Bingham.

DAVID ROBERTS
*Sladmost,
Devon*

The writer was formerly a Crown Court recorder

Coronation Chair made in England

Sir: David Hamilton (letter, 7 October) suggests that the Coronation Chair might have a 12th or 13th-century Scottish provenance. Now in my eighth decade, I was a young journalist with *The Scotsman* when the Stone of Scone was removed from Westminster Abbey and in April 1953 disclosed that the chair had been X-rayed during restoration by the then Ministry of Works. The Courtauld Institute of Art undertook chemical analysis of the materials used.

Edward I commissioned the chair from Master Walter of Durham, who made it between 1297 and 1300. Two small wooden leopards "painted and gilded" were delivered to Master Walter the goldsmith. "A detailed report on the chair was made by the ministry. It was written by Westby Percival-Westcott. It details the history of the chair which was made in England. LYDIA JERMAN
Treydon Bois, Essex

Sir: In the light of the debate about the survival of the monarchy, and also of the possible return of the Stone of Destiny to Scone, it was somewhat alarming, or encouraging, depending on one's viewpoint, to read (*Macbeth, High King of Scotland*) by Peter Berresford Ellis, first published 1980, of a legend that should the stone be taken away from Westminster it will mark the end of the British monarchy.

KATHLEEN BARRON
Stamford, Lincolnshire

Latin, language of a new Europe

Sir: Latin might not be a necessity (leading article, 8 October), but it has at least one immediate practical use in the modern world. It would certainly solve the problem of the choice of a common language for formal communication in the European Union.

It would also enable the next generation to make the European Parliament a more genuinely democratic body in the best Anglo-Saxon tradition. Speakers could address the assembly directly, after the manner of MPs in the House of Commons, rather than be inhibited by closed circuits, microphones and translators.

TREVOR COX
Croydon

Sir: In your baffling leader ("Latin for love, not learning" 8 October, whatever that means), you conclude: "The ancient languages are a beautiful ornament, not a necessity; let them be studied out of love alone." If you mean, "Do not impose the study of Latin on anyone," no one was proposing to do so, let alone Dr Tate of the School Curriculum and Assessment Authority, who was merely suggesting that Latin might benefit school pupils.

I assume you are hostile to the idea because you confess ignorance whether Latin "helps children with grammar and other romance languages". Fine basis for pontification, ignorance. But if successfully taught, how could Latin not? One may as well doubt whether well-taught maths helped children with computational skills.

If you wish to imply that there are more effective ways of helping children with grammar and romance languages, you may well be right. After all, one learns Latin because it is Latin. Help with grammar and romance languages is just a bonus.

PETER JONES
*Co-ordinating Committee for Classics
Newcastle upon Tyne*

Squirreled away

Sir: My father has suggested that I "take issue" with Mr Kington ("How the horse chestnut conkered Britain", 8 October) to advise him that there is another way that the horse chestnut propagates itself.

As is appropriate for the season, and somewhat against my parents' wishes, I collected 449 conkers in a Marks & Spencer carrier bag. Due to a disagreement concerning domestic storage of oew, damp conkers, this bag was abandoned, carelessly I felt, immediately outside the back door, less than one yard from the cat flap.

Within a week the entire contents of the bag had either been eaten (a few) or taken and buried (the majority) in the surrounding gardens and lawns by the local population of grey squirrels. That's propagation!

ALEXANDRA OGLETHORPE
Woking, Surrey

Mainland isle

Sir: I enjoyed your article on the Skye Bridge ("Toll rises in Skye's battle for freedom road", 7 October). The reason that there are no tolls on the bridge to the Isle of Skye is that there is no bridge. Skye is attached to the Kent mainland and not separated by water.

RALPH JONES
Isle of Grain, Kent

analysis

Women have traditionally voted Tory. Now, they're turning to new Labour. But can Tony Blair hold their allegiance? Helen Wilkinson decodes new surveys that might hold the answer



Women have changed, and have new role models (left to right): Juliet Stevenson, Barbara Follett, Cherie Blair, Carol Galley, Anita Roddick and Debbie Moore

The voter changes her mind

It is a hard fact for feminists to swallow and one that might have horrified some of the suffragettes. But if the electorate had only been made up of women, the Conservatives would have been in power continuously since the Second World War. This has to the right – which gave the Tories a 9 per cent lead among women at the last election – has been one of the hidden constants of British politics.

But if recent polls are to be believed, the Tories are not only losing their lead among women, they are also seeing a catastrophic fall of support among young women, who may well carry their antipathy to the Tories throughout their life.

New data published today by Demos and the Fawcett Society shows just how much ground the Tories have lost. An analysis of MORI's poll data shows that those women who have decided how they are going to vote in the next general election, only 31 per cent intend to vote Conservative, compared with 51 per cent for Labour. While the Tories can take some

comfort from the fact that Tony Blair's satisfaction rating among women has fallen dramatically in the past six months – from plus 23 to plus 2 – John Major remains overwhelmingly unpopular among women, with a rating of minus 29.

But it is the generational shift that is most stark. If you analyse the party's support across each age group, support for Labour and the Tories among men is roughly constant.

Among women, by contrast,

there is a massive skew, with young women overwhelmingly supporting Labour, by 68 per cent to 18 per cent, compared with a Labour lead of only 5 per cent in the oldest age group.

In the short run this may not be as serious as it looks. There are far more women over 55 than in the 18 to 24 band – indeed they account for nearly a fifth of the whole electorate. But in the long run, it suggests that the Tories may have lost the capacity to reproduce their support. With only a few months to go before the general election, the Tories' secret weapon has ceased working.

Many explanations have been offered for the Tories' traditional advantage among women. Although women tend to be more concerned with issues that might be deemed natural territory for Labour – like health and education – at a deeper level the Conservatives may have better exemplified women's values: their concerns for reliability and security, stable communities and strong families.

This identification has not only won the Tories millions of votes over the years, it has also attracted into the party thousands of activists, modern equivalents of the Primrose League, which at the beginning of this century was one of the most effective of all mass movements. At the top, power may have been held by the men, but the Conservatives could nevertheless make a genuine claim to be a more feminist party than a Labour Party steeped in a macho trade union culture.

What has changed? For older women, there is undoubtedly a sense of betrayal. Despite the Conservatives' rhetoric of family values, strong communities and its promise to be the party of law and order, the real

ity is that they have governed a country which now has one of the highest divorce rates in Europe, high levels of crime and a pervasive sense that public spaces are no longer safe.

But it's also that the Tories have failed to address the fears of many older women over pensions and long-term care; the latter has been a conspicuous failure, with earlier promises to come up with a bold new policy now apparently on ice. Older women are also heavily reliant on the NHS and on local transport services, particularly buses – either a glowing success story for the Tories.

Meanwhile, new Labour has clearly identified older women as a key swing group. Tessa Jowell, former opposition spokesperson for women, led an effective campaign visiting women's institutes and listening to older women's concerns. Blair's incursions into enemy territory – law and order, family values and strong communities – have not just been an explicit attempt to woo middle England and Ford Sierra man. They have also been sending reassuring signals to older generations of women that Labour is now the party of security and reliability.

But the more fundamental problem for the Tories is that they have failed to keep up with the changing lives of a younger generation of women. My research clearly shows that young women today are more oriented to success than their parents, and significantly more feminist in their values, even if they often do not adopt the label. Many are just working to earn money but are busy carving out careers.

Ironically, the very success of Margaret Thatcher's government has encouraged a generation of women to reject the older Tory assumption that women should sit quietly in the background, devoting themselves to their homes and children. High-profile role models such as Body Shop's Anita Roddick, the city high-flyer Carol Galley and Debbie Moore of Pineapple show that it is possible for a woman to succeed in the business world. Cherie Blair, too, shows that it is possible to successfully combine career and motherhood as well demonstrating that there is nothing to stop a professional woman from earning more than her husband. And high-profile Labour-supporting women, including the actress Juliet Stevenson and the style guru Barbara Follett, make clear the identification of success and new Labour.

Instead of harnessing these ambitions, the Tories have been sending contrary signals. The rhetoric of back to basics seemed to suggest that the

Tories wanted to put women back in the kitchen, rather than celebrating the feminisation of the economy which they had presided over. Worse, the party itself has consistently failed to select women candidates in reasonable numbers and to promote women to the upper reaches of the party, an issue that is now causing discontent in the ranks of Tory women. Conservative Central Office under the stewardship of vice-chair Dame Angela Rumbold was reported some months back to be encouraging local associations to look kindly on female candidates to increase women's representation in the party, but so far it appears to have had little success.

Labour has better understood the importance of these underlying shifts in the power of men and women. However crude and unpopular quotas have been, they did prove extraordinarily effective at changing the party's complexion. After the next election almost a third of the Parliamentary Labour Party is likely to be women, whereas the Tories may end up

with fewer women than they have now.

But the real failing of the Conservatives is one of political strategy. Unlike the other parties, the Conservatives have been reluctant to champion women's issues and have failed to adequately develop policies for working women. The costs of this are fast becoming apparent. Child care is clearly a vote winner for many women as are other issues – such as low pay, part-time work, the long-hours culture and the need to balance work and family life. Elsewhere, politicians who have addressed these issues have won great dividends. President Clinton, for example, made a direct appeal to working women in his first presidential election campaign. He promised some family leave and put together a package of policies that would benefit working women. They subsequently rewarded him with their votes. In his second campaign he has gone a step further, expanding parental and family leave and offering more policies for working women. (For the past six months at least the President's support among women has been much greater than among men, between 10 to 20 percentage points depending upon the poll, leaving Dole cut in the cold as far as women are concerned.)

Here in Britain, Labour and Liberal Democrats have taken the lesson to heart by making policy commitments to parental leave and affordable child care.

The danger for the Tories is that they increasingly look old and out of touch, unable to attract a younger generation either to vote or to join, let

alone to opt for a political career. A recent study of the membership found that the average age of a Conservative member is now 61. More than half are over 65, and only 5 per cent are under 35. Meanwhile, Labour under Tony Blair has transformed itself from an ageing to a more youthful party. The majority of new members are under 40, and at last week's conference it was striking that many delegates were there for the first time ever.

You might expect the Tories to be panicking. But instead one senses a certain complacency, an assumption that the Conservatives will naturally remain the party of women. The weight in the electorate of older women, still attached to more traditional values, may encourage this complacency. But the failure to recognise that Thatcher's Children – the generation of women brought up under Conservative rule who expect equality with men as a matter of course, and have clear needs and priorities which are not being addressed – must be unwise in the long term, not least because most people take their party allegiance with them throughout their life. Just as in the late Seventies Labour neglected its working-class base and lost power for a generation, so in the Nineties it may be that the Conservatives are being similarly negligent with their base among women voters.

But other parties should also be wary of complacency. Women are not impressed by often conflicting messages that come from other leaders' mouths.

When Paddy Ashdown (who, incidentally, is the least liked party leader among women) launched the Liberal Democrat policy statement on women on Sunday before his speech to the Liberal Democrat conference, he told his audience that it was the most important document that week. Two days later he failed to even mention it in his conference speech. A week later Tony Blair had the potential to connect with many women's frustrated ambitions in his call for an "age of achievement" – but the great majority of his examples and his metaphors (including the football imagery of "Labour coming home") were male.

Women are politically promiscuous. Almost a quarter have not yet decided how they'll vote in the next election. And all the evidence shows that while many women don't make up their minds until the very last moment, in part because they are more cautious about their choices than men, they turn out to vote in greater numbers.

For this reason, the Tories' challenge is to take the other parties on with practical policies that will celebrate and consolidate the dawning of an "age of achievement" for women that they have presided over, and which has brought unprecedented numbers of women into the professions, into business, and into higher education.

Helen Wilkinson is a project director at Demos. She will be speaking at luncheon today at a fringe meeting on Women's Votes in Bournemouth.

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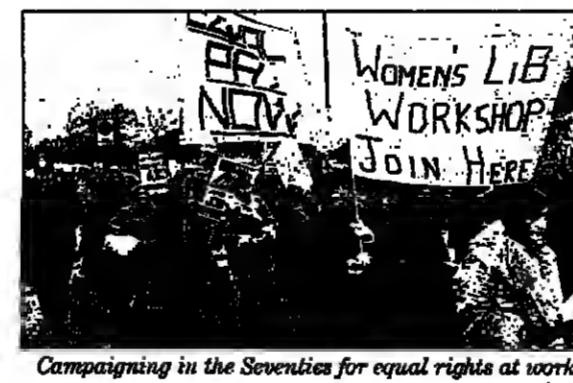
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Campaigning in the Seventies for equal rights at work

The melancholy balladeer has a field day



Miles Kington

As today is National Poetry Day, I feel I ought to enter into the spirit of things by bringing you some modern folk verse. Regular readers will know that I am a great collector of motorway ballads, these being folk ballads, often quite long ones, which I get from people at service areas or to whom I give lifts.

Today's verse was told me by a melancholy man whom I picked up at Leigh Delamere on the way to London and who spent a

long time sniffing before he recited these verses.

The fields beside the motorway Are often full of straw and hay, Though which is which I do not know As I am an urban so-and-so, So ignorant of different crops I can't tell maize or flax from hops, But yet they make a glorious sight. These fields, when they are coloured white (Which means, I think, the flowering broad bean) Or blue (is that fax?) or just plain green.

It seems as if they never can Be subject to a hosepipe ban.

How can farmers get permission For such endless water emission? Perhaps it's easier to make an oasis Yes, when I'm driving down the M And suffering from motorway tedium, I often let my eyesight wander. In autumn, when stubble smoke drifts by, "Bloody farmers!" you'll hear me cry. Not that you often see a farmer, Oo foot or in his tractor's armour. These fields are always empty of folk.

A lonely ash or big old oak

Is often the only thing you see Breaking the field's monotony.

Except in summer, when they place Those huge great sprinklers on its face To shoot out loads of water – whoosh! And give the thirsty plants a douche. (It seems as if they never can Be subject to a hosepipe ban. How can farmers get permission For such endless water emission? Perhaps it's easier to make an oasis Yes, when I'm driving down the M And suffering from motorway tedium, I often let my eyesight wander. In autumn, when stubble smoke drifts by, "Bloody farmers!" you'll hear me cry. Not that you often see a farmer, Oo foot or in his tractor's armour. These fields are always empty of folk.

A lonely ash or big old oak

Rippling like the far-off prairie Or full of cattle for the dairy...

But there's one field I can't abide. A field past which I quickly slide. A field from which I avert my gaze, A field which fills me with malaise, And that's the field which now stands bare But once had a horse, and jumps, in there. A field where a rusting petrol can Shows where the horse jumps once began Shows where a teenage girl and horse Lived for jumping round the course. Betjeman country! Thelwell land! Where horses are lovely and girls are grand!

Where a groom is a chap that holds the halter And not a man who stands at the altar.

Where the horse is centre of the universe

And parents are glad it's nothing worse.

For while a girl is keen on horses,

There won't be marriages and divorces Ah, this is the stuff of girlish dreams,

Where the hay lies thick and the harness gleams! Once the grass was short and kempt, And the pony was groomed, and dreams were dreamt Of horse events and three-day shows, But now the seeded dandelion blows And the poles lie rotting on the ground, Awaiting in vain another round. The grass grows long and the horse grows stout, And the teenage girl is no longer about. No longer the pairing of girl and pony, For she is off with her boyfriend, Tony.

At this point the man broke off and burst into tears. When I asked him gently if he too, had lost a daughter, he said no, but he had lost several thousand pounds equipping one with horse and fields and jumps, and every time he saw one of these abandoned fields he sobbed at the thought of all that money wasted.

JULY 10 1996



Independent Decade



Early plaudits: In its first year the 'Independent' never lacked a story. It was boozing time - the air was heady with confidence in the Thatcher 'miracle', Nigel Lawson was riding high

From Big Bang to City scandal

The first front page of the *Independent* led with a story we had been hoarding for a week, praying that the international spy network of the *Financial Times* would not catch a whiff of it before Day One. This "revealed", as we journalists like to say, that the President of the Bundesbank had made a secret visit to Mrs Thatcher to try to persuade her to join the European Exchange Rate Mechanism.

It caused a gratifying little flutter in Downing Street, of the kind I was to experience less enjoyably from the other side of the tracks, as head of the prime minister's policy unit, just a few years later. There was even more gratifying irritation at the *FT*. Well, there you go - some stories just never seem to die. Ten years of the newspaper's life have reverberated with the politics of the pound.

But the echoes of 1986 that sound most strongly today have little to do with macro-economics. They are on the micro-side - what Nigel Lawson was, at the time, busily christening the supply-side revolution. The *Independent* was born on the crest of a wave of privatisation, deregulation, the breakdown of restrictive practices and trade barriers. The year 1986 was the *annus mirabilis* of supply-side reform. It was the year of Big

Bang in the City; the height of the financial services revolution. It was the high tide of privatisation: Sid was about to buy his shares in British Gas; British Telecom had already left the public sector dock; electricity and water were on their way. Europe was launching its Single Market. Britain was leading the fight for the destruction of trade barriers between the countries of the European Community - and the process sign-up for a boost to Brussels' powers, Margaret Thatcher, was to recoil from so spectacularly only four years later.

Back home, the very language of business changed. Deregulation and re-regulation added their own dictionary of acronyms. OFT began OfTEL, Ofgas, Ofwat and Oferr - with the lottery and rail regulators still to come. We became familiar with RPI-X and Power Pools, with internal markets and new models of accountability.

It is no coincidence that London Economics, the economics consultancy whose chairmanship I am now taking over from John Kay, was also created in 1986 - and plunged instantly into the business of modelling and interpreting these new structures. Britain was in the vanguard of a number of structural reforms which

required both government and the newly privatised utilities to think hard about the way markets work.

Only weeks after the *Independent*'s own revolutionary beginnings, the City went Big Bang. The actual event was something of an anti-climax. Just as there were few prisoners left in the Bastille by the day it was stormed by the sans-culottes, so by 27 October 1986, all the big City firms had of course already made most of their dispositions.

Nevertheless, it marked the end of an era, and the start of a furious battle for market share, as the grand old mahogany panelling between brokers and jobbers came down and Chinese Walls between market-makers, fund managers and corporate finance depart-

ments (mostly) went up. (To our readers' evident relief, we charted their way through the new money maze by serialising Michael Brett's admirable new book, *How to Read the Financial Paper*. A decade later, I was delighted to discover that it is still required reading for graduate entrants to one of Britain's most distinguished merchant banks.)

The *Independent* itself was the product of a breakthrough in the long battle of attrition between newspaper publishers and printing unions. I was only one of a number of its business writers to have migrated from the *Times*. That newspaper's Murdoch management had formed the shock troops that broke the power of the Fleet Street printers, sweeping us to Wapping at the beginning of the year, where we produced the paper inside a harbed-wire encampment, surrounded by now-redundant strikers.

It was a brilliant campaign, but management was slow to appreciate that they would not be the only winners. Their victory broke down the barriers to entry into national newspaper production; the journalists had tended to see as mere cannon fodder thereby gained the freedom to mount their own competitive challenge. In 1986, Britain was busy re-learning

the meaning of markets - and in the newspaper business, the lesson was particularly sharp. The *Independent* was a big start-up business, but not as big as it would have had to have been in the days when newspapers were obliged to employ their own printers. From the beginning three areas were seen to be crucial to our success: foreign arts, and business coverage.

It was the age of the yuppie - our readers were young, affluent and concentrated in the South-east, though we had some clusters of royal readership in Scotland and the North. Statistical correlations produced some curious pieces of information: if you slept under a duvet - still by no means unusual in the mid-1980s - you were almost certain to be an *Independent* reader.

In our first year, we never lacked a story. It was boomtime - the economy grew 4 per cent in 1986, accelerating to nearly 5 per cent in 1988. Inflation was at its low point, the air was heady with confidence in the Thatcher "miracle", the budget was heading for surplus. Nigel Lawson was riding high. It was election time - Mrs Thatcher won her easiest victory in the summer of 1987, which did not stop Downing Street panicking halfway through the campaign. Massive political advertising

boosted the newspaper's coffers that spring. On the final day of election week, the editor, Andreas Whittam-Smith, wrote a leader without a conclusion, asking each of three trusted lieutenants to write a paragraph in favour of each of the contesting parties.

Time rose-tinted memory. The exhaustion of launching a fully fledged daily newspaper, determined to compete with the best, is easily forgotten, although I know I never worked so hard again until I entered Downing Street. I remember the good times putting together our Budget coverage (and boy, were there some Budgets in the late 1980s) with the half the team and twice the effect - or so we believed - of the other broadsheets. I remember the special Whitmott award for our pages - an early recognition of their quality. I remember the nervous moments too we had our share of wits, notably from Maxwell, from whom I only wish we had earned more. Most alarming of all I remember sitting in the High Court watching Jeremy Warner, the present Business Editor, refuse to reveal his sources, praying that his lordship would not seek to make an example by hanging him up.

I left the *Independent* in 1989, too weary to cope with the paper's second great gamble, launching a Sunday paper. But just days later, Nigel Lawson, Chancellor throughout my time with the newspaper, finally resigned - and I was honoured to return to write, I hope, a valentine to that did him justice. My final, very personal memory of the *Independent*, however, comes from the following year.

In 1990, sitting in my office at the *Daily Telegraph*, watching the wires as they reported the ins and outs of a reshuffle, I noted that my husband Douglas - then a junior minister at the DTI - had been called in to Number 10. I rang him to ask what had happened. "Oh, nothing," he said. "I was in there for something quite separate from the reshuffle."

Like a mug, I believed him. The following morning the *Independent*'s lead story was that he had turned down the job of Paymaster-General at the Treasury, because he felt I might feel obliged to resign as a financial journalist.

He had tried to keep this sacrifice to himself. Only when I threatened to ring the editor did he finally admit it was true. Had it not been for the *Independent*, I would never have known.

The story - with a picture of Douglas in one of his now-famous hats - is my favourite press cutting of all.

Sarah Hogg is now chairman of London Economics.

bangs. As it happened, we all failed to see how catastrophic that period would be.

This newspaper group also failed to see the consequences on its own business, for the 18 months neatly spanned the period of optimism which led to the launch of the *Independent on Sunday* and the grinding financial pressures which provoked its ensuing partial merger with the *Evening Standard*.

This was the end of what we now call the Lawson boom. Nigel Lawson had resigned as Chancellor at the end of October 1989, and a young John Major had just taken over. Mr Major's spell in the Treasury was unremarkable. He produced one Budget, in March 1990, which he called "A Budget for savers" and which introduced *Tessas*. But as we reported at the time, the budget did little to cool the still-overheated economy, or curb inflation. Our columnist

for minus 2 per cent. That Budget was technically neutral, with a rise in VAT to 17.5 per cent used to pay for the abolition of the poll tax. But a neutral Budget only made sense if it enabled interest rates to be cut sharply. That was not to happen for another 18 painful months, when sterling's departure from the ERM enabled the UK to take back control of its monetary policy.

By June 1991, the picture was bleak indeed. "Treasury gloom over enduring recession" ran our front-page headline and my commentary on the lack of any recovery in manufacturing started with the words: "It is, alas, the same subject again" and ended with "sad, but true".

If we failed to predict the depth of the recession, we did however catch some of its social and financial consequences. Take corporate restructuring. We recognised the scale of the revolution sweeping across the business world and charted the effects on both companies and their employees. Early 1990 saw perhaps the most striking downsizing of any large corporation anywhere in

the world: the savage job cuts at IBM. We noted the impact of foreign investment, particularly from Japan, in re-industrialising Britain, and as well as charting the continuing privatisation programme, we also started looking at the introduction of business management techniques in the public sector.

The paper was also cautious about the bullish stories put out by some sections of the business community. This was not just a reaction to high-profile entrepreneurs such as Asil Nadir or the late Robert Maxwell. We were also deeply sceptical of forecasts that the housing slump was over; we were very cautious about the state of the Japanese financial system. On the other hand we did not fall for the excessive gloom surrounding some other sectors. For example, we recognised that companies which were deeply out of fashion, such as advertising agencies, would eventually recover, and optimised that by the middle 1990s London commercial property might again become profitable.

But perhaps the most fascinating thing about looking back on that period is how equity markets coped with disastrous economic circumstances and not lose their collective head. In November 1989, when the boom still seemed in full swing, the FT-SE100 index was at 2,160, and the Dow at 2,646. Sterling in early June 1991 was already up to \$1.69 and DM 2.96, and was to touch \$2.00 in the following year. If there is a moral here, it is that, left to their own devices, markets can cope with switches from euphoria to despair. During that period at least, equities were correctly cautious about the bond and correctly optimistic about the eventual recovery. It was the currency markets - manipulated by politicians - that got things wrong.

Hamish McRae is now associate editor of the *Independent*.

Boom turns to bust as the yuppie years come to an end

One task of the financial section of a newspaper is to pick out the big forces influencing the economy before everyone else, to be - as the jargon of the markets would have it - ahead of the curve. As it happened, the 18 months from November 1989 to June 1991 when I was editing these pages coincided with the first stage of the early 1990s recession. It saw the shift from slowing growth to something close to despair: the time when it seemed the recession would never end. So I suppose the first test is whether we, as a paper, were indeed ahead of the curve, whether we picked up the danger signals in time.

The honest answer is "not really". The tone of the paper's coverage at the end of 1989 was beginning to show some caution. But while we made it clear that the boom was over - "the end of the longest uninterrupted economic expansion since the Second World War" - I wrote on 2 November 1989 - neither I nor my colleagues fully grasped quite how severe the recession would become. That same piece carried some warn-

ings - "the boom ... is already ending more sharply" - and saw some dangers: "Will there be so much disruption over the next couple of years that growth in the 1990s will be even slower than it otherwise would have been?" But we all failed to see how catastrophic that period would be.

This newspaper group also failed to see the consequences on its own business, for the 18 months neatly spanned the period of optimism which led to the launch of the *Independent on Sunday* and the grinding financial pressures which provoked its ensuing partial merger with the *Evening Standard*.

This was the end of what we now call the Lawson boom. Nigel Lawson had resigned as Chancellor at the end of October 1989, and a young John Major had just taken over. Mr Major's spell in the Treasury was unremarkable. He produced one Budget, in March 1990, which he called "A Budget for savers" and which introduced *Tessas*. But as we reported at the time, the budget did little to cool the still-overheated economy, or curb inflation. Our columnist

for minus 2 per cent. That Budget was technically neutral, with a rise in VAT to 17.5 per cent used to pay for the abolition of the poll tax. But a neutral Budget only made sense if it enabled interest rates to be cut sharply. That was not to happen for another 18 painful months, when sterling's departure from the ERM enabled the UK to take back control of its monetary policy.

By June 1991, the picture was bleak indeed. "Treasury gloom over enduring recession" ran our front-page headline and my commentary on the lack of any recovery in manufacturing started with the words: "It is, alas, the same subject again" and ended with "sad, but true".

If we failed to predict the depth of the recession, we did however catch some of its social and financial consequences. Take corporate restructuring. We recognised the scale of the revolution sweeping across the business world and charted the effects on both companies and their employees. Early 1990 saw perhaps the most striking downsizing of any large corporation anywhere in

the world: the savage job cuts at IBM. We noted the impact of foreign investment, particularly from Japan, in re-industrialising Britain, and as well as charting the continuing privatisation programme, we also started looking at the introduction of business management techniques in the public sector.

The paper was also cautious about the bullish stories put out by some sections of the business community. This was not just a reaction to high-profile entrepreneurs such as Asil Nadir or the late Robert Maxwell. We were also deeply sceptical of forecasts that the housing slump was over; we were very cautious about the state of the Japanese financial system. On the other hand we did not fall for the excessive gloom surrounding some other sectors. For example, we recognised that companies which were deeply out of fashion, such as advertising agencies, would eventually recover, and optimised that by the middle 1990s London commercial property might again become profitable.

Hamish McRae

Business Editor, 1989-91

Bill Robinson (who subsequently became adviser to Mr Major's successor, Norman Lamont) reckoned that the Chancellor was gambling and that if he was wrong there would be more pain to come.

Base rates were then at 15 per cent. As we moved through 1990 it gradually became clearer that the economy was slowing. But even in the autumn it was still not clear that recession was upon us. Once it was, and once inflation seemed to be falling, the right policy would have been to cut interest rates. But we could not do so. Since 1988 sterling had been informally tied to the German mark, and policy was directed at keeping it there. Just as in the late 1980s we had been unable to push rates up fast enough, now we were unable to cut them when it became clear that recession was the greater danger.

On the eve of the 1990 Tory party conference in October 1990, sterling was formally linked with the mark in the European Exchange Rate Mechanism (ERM). John Major, still at that stage Chancellor, did

for minus 2 per cent. That Budget was technically neutral, with a rise in VAT to 17.5 per cent used to pay for the abolition of the poll tax. But a neutral Budget only made sense if it enabled interest rates to be cut sharply. That was not to happen for another 18 painful months, when sterling's departure from the ERM enabled the UK to take back control of its monetary policy.

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Hamish McRae is now associate editor of the *Independent*.

Consequences of the last awful recession are still with us

All recessions are awful, but the recession of 1990 to 1992 and the ejection of the pound from the European Exchange Rate Mechanism (ERM) were particularly traumatic for Britain. They gave a boost to British Euroscepticism, and ensured that Britain now looks more isolated than at any time since we joined the European Union.

To understand why that period had such a far-reaching impact, it is important to look beyond the macro-economic figures. Below the surface, this was an unusual recession. It was the first downturn since 1929-31 that affected large parts of middle-class, Middle England. It thus struck at the heart of Conservative support. Since it was politically impossible to admit that the recession was the result largely of domestic policy failings, our ERM membership became the whipping boy for the Thatcherite right.

In reality, the recession was a product of the excesses of the Thatcher-Lawson boom from 1987 to 1989. That boom was fuelled – like those in much of Scandinavia, Japan and the United States – by financial liberalisation and competition. The easy availability of credit pushed up asset prices – most importantly house prices – and made credit even easier to obtain. Rising consumer spending fuelled higher imports and mounting inflation, which exceeded 10 per cent in 1990.

When interest rates began to rise in 1988 to choke off demand, heavily indebted house-holders bore the brunt of the tightening. Negative equity and reposessions became the bywords of the recession. Consumer spending dipped. The South-east was among the hardest hit regions: unemployment rose sharply even in traditionally middle-class occupations and areas. London, long sheltered from the full force of business cycles, suffered an unemployment rate higher than the national average.

And the newspaper proprietors hated the pattern of the recession too, which is why the attacks on the Government from the newspapers owned by Rupert Murdoch and Conrad Black had such an edge: advertising revenue is particularly important to broadsheet newspapers, and real revenue plunged, whereas it had gone on rising during the 1979-81 recession, which had affected mainly the manufacturing centres of the Midlands and North and hence the Labour-supporting heartlands.

Ironically, John Major's decision to put the pound into the ERM in October 1990 probably helped at first to moderate the recession. Interest rates had come down from 15 per cent just before we joined to just 9.5 per cent in September 1991 without the exchange rate tremors that usually accompa-



Christopher Huhne
Business Editor, 1991-94

ny such a decline. But with rates only 1.25 percentage points higher than Germany's, the question then became whether we could go any lower – or whether we would have to keep rates higher than Germany as a risk premium, since sterling was seen as more inflationary and prone to deviation.

The French provided the answer in November, when they were forced to raise interest rates to defend their parity despite better anti-inflationary track record than Britain.

The official line, as stated by the newly promoted Treasury permanent secretary, Sir Terry Burns, on the anniversary of joining, was that there might be a conflict between the interest rates necessary to maintain the exchange rate band and the interest rates needed to conduct monetary policy in a more general sense. But he added:

"Experience suggests that does not last for very long typically, nor is it very predictable."

We disagreed: "Ironically, the best news for Europe would now be a sharp slowdown in Germany because the hoist from the likely fall in interest rates would outweigh the direct loss of markets. But that does not look likely. The second year of ERM membership may prove less accommodating than the first."

From then on, the pressures for domestic relaxation mounted as house prices fell and commentators played "spot the upturn": CBI surveys came and went. Hopes rose, and hopes were dashed. I put my head on the block predicting that output would bottom out in the second half of 1991. But the economic indicators showed confirmed stagnation well into 1992. (This is an object lesson in knowing whether you are forecasting the economy or the official figures: the GDP figures now show that the bottom of the recession was in the first quarter of 1992, and output began to recover in the second quarter despite high interest rates.)

But Germany was still suffering from the after-effects of the reunification boom, and the independent Bundesbank – led by the arch-conservative president, Helmut Schlesinger – was reluctant to cut rates. The rest is history and humiliation. On 2 June 1992 the Danes voted against Maastricht and

the markets' belief that we were on track for monetary union began to crumble. It was not an original thought – the EU Commission had made the point many times – but we warned that it was not obvious that the ERM could survive in its present form unless there was a clear commitment to monetary union:

"Either Maastricht is put back on the road, or the ERM will have to change. Secondly, the resolution of that question spells trouble for the Chancellor in the markets. If there is no hard evidence of lift-off in the autumn, the Chancellor will face renewed pressures for devaluation or even a free-floating pound outside the ERM."

One worrying sign was that the yields on gilts were picking up. On 26 August, Norman Lamont popped out of the Treasury – with all the decorum of a cuckoo clock – to say that he would not devalue or leave the ERM. The heavy selling began in earnest.

On 3 September, the Government borrowed £7.2bn in foreign currencies to bolster the reserves and buy sterling, but 10 days later the Italian lira succumbed with a devaluation of 3.5 per cent, and the magical belief that the ERM parties were immutable was gone.

The academic and twoworldly Mr Schlesinger then committed the unpardonable indiscretion of telling a senior journalist that the Italian re-alignment would not be the last.

The market knew that the British government had not consulted its partners about the appropriate rate for sterling when it joined, and Mr Schlesinger's remarks were the signal for a rout. On White, Black or Grey Wednesday – depending on your taste – the pound was out of the system despite a 2 per cent rise in base rates, and the announcement of three points more.

And so, by accident rather than design, Britain arrived at a macro-economic policy which is arguably its best for years: an inflation target hatched by a Bank of England governor with a license to ring the alarm bells; publication of monthly monetary committee minutes and the Bank's inflation report. As the Government cut interest rates and sterling sank, the recovery gathered force led by exports and investment.

However, there has been a high cost. Europe has become a dirty word and Britain looks peculiarly isolated; the other Europeans concluded from currency volatility that monetary union was more important less. Britain's credibility in the markets is low; they now require the Treasury to pay a premium of 1.6 percentage points on 10-year money, compared with the Germans, because they do not trust us to keep inflation down or avoid devaluation. Even



Robert Maxwell: Many questions remain unanswered in the years since his death

Ireland can borrow more cheaply, with Portugal, Spain and Italy closing in fast.

After the Euro débâcle, the focus turned to fiscal policy. Before the election in June 1992, the *Independent* performed a minor public service in a study with Coopers & Lybrand by pointing out that sky-high budget deficits meant taxes were going up whoever won.

In March 1993, the last spring budget, Mr Lamont duly put VAT on fuel, cut mortgage interest relief and increased excises, generally proving the old adage that there is no better diet for a politician than a meal of their own words. Galileo reported that Mr Lamont was the most unpopular Chancellor since the Second World War.

The period was not entirely dominated by macro-economics one of the sports of the time was

to predict which of the stock market stars of the Eighties would fall to earth. Victims included Alan Bond, Asil Nadir, Robert Maxwell, Robert Holmes à Court, George Walker and more. BCCI collapsed and kept official committees going for months. The Lloyd's saga revealed ever more stunning cases of fraud.

Gerald Ratner told Al

bert Hall that his shop sold crap, and the company had to cut 1,000 jobs. His was one of them. Salomon Bros, one of the top houses of the Eighties, was found to have rigged the US bond market. Peter Clowes was sentenced to 10 years on 18 counts of fraud.

Having made their provisions on Third World debt, the clearing banks found a new way to lose money. Barclays revealed the first loss in its histo-

ry thanks to lending on property. The man mainly responsible became chairman.

But these were lagging indicators. There were also signs of better times to come. Argentina adopted a currency board system, and crushed its hyperinflation. The Brady debt plan cleared the way for renewed growth in the middle income countries, now fuelled by better policies and capital inflows.

Russia emerged slowly from its Communist hibernation, a giant economy of the future. And China estimated its 1993 growth rate at 13.5 per cent, a figure only slightly less impressive for being published in December, before the year ended. The world was on the mend.

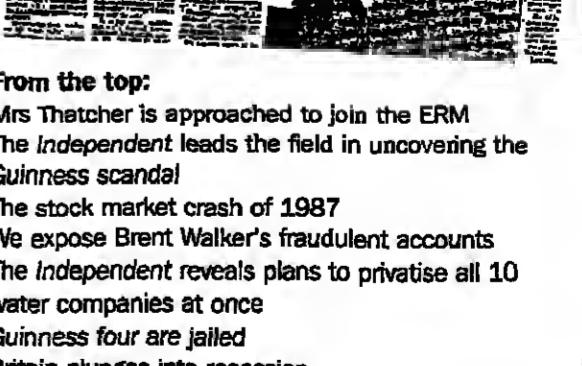
Christopher Huhne is now the managing director of IBCA Sovereign Ratings.

Headlines that made a splash



THE INDEPENDENT

Guilty Guinness four face prison



Fat cats, rogue traders and the holy grail

Fat cats, rogue traders, the death of the mutually owned building society and insurer, utility regulation, merger mania, EMU and most controversial of all: a glimpse (possibly illusory) of that great holy grail of economic management, non-inflationary growth; these are the issues that dominate the headlines during my two and a half years as Business Editor.

Given Kenneth Clarke's increasingly perilous position in Cabinet, it seems only proper to deal with the last one first. On most conventional measures, Mr Clarke's performance as Chancellor has been a remarkable one: unemployment and interest rates have fallen steadily, growth has picked up nicely and inflation has stayed in abeyance. The only apparent blot on the landscape is the Government's inability to get to grips with spending and borrowing, though even here Britain's performance is no worse than anywhere else, possibly a little better.

More questionable is whether Mr Clarke is right to claim it as an economic miracle, the best economic backdrop for a generation. Is this just electioneering, or has Britain indeed broken through to the high ground of economic management, where growth persistently outstrips inflation?

The first thing to point out is that the record only partly bears out what has now become generally accepted as fact. Since Britain left the European Exchange Rate Mechanism (ERM) in 1992, growth has risen faster than inflation: in only two years, 1994 and 1995. This year inflation will once again be higher than growth. All the same, it is certainly true that the Chancellor has achieved a substantial reduction in unemployment without any notable increase in inflation.

Mr Clarke naturally attributes this happy state of affairs to 17 years of Conservative reform. In particular he points to deregulation of labour and capital markets, and to privatisation. Luck has also played its part, however. The Government has made a virtue

out of the collapse of the ERM, but it scarcely needs saying that this was not government policy at the time. Furthermore, it is not just in Britain that inflation is low. Almost everywhere that counts has a low inflation rate at present: indeed, to believe that the present state of affairs will persist in Britain much beyond the election requires a tremendous leap of faith.

The markets, certainly, are going to take a lot more convincing. After all, the economy at the moment is not so dissimilar to the way it was in the mid-1980s – strong growth and low inflation – and look how that ended. Despite the present bull market in bonds, long gilt yields continue to reflect quite high medium-term inflationary expectations; and this is without factoring anything in for what the Chancellor might do in the Budget next month to pump-prime the economy for the election.

As it is, Mr Clarke insists he is not going to do very much, to the dismay of Tory backbenchers and some of his Cabinet colleagues. In part this may be a reflection of the Chancellor's pro-European views, another area of political identity where he finds himself out on a limb, for it is hard to see how Mr Clarke could both deliver meaningful tax cuts and meet the Maastricht criteria for European Monetary Union (EMU). So the John Redwoods of this world, he therefore becomes a bogeyman twice over. On the one hand he won't cut taxes, a fiscally prudent stance which on the other can be laid at the door of nasty European bureaucrats.

As with most important issues, business has been split down the middle by EMU. On the whole big business is for it, with smaller, entrepreneurial business, or anyone that might be adversely affected by the social disciplines of Europe (a minimum wage and the like), against. Until quite recently, it has been possible to avoid the issue, for there was good cause to believe that EMU wouldn't happen at



Jeremy Warner
Business Editor since 1994

out of the collapse of the ERM, but it scarcely needs saying that this was not government policy at the time. Furthermore, it is not just in Britain that inflation is low. Almost everywhere that counts has a low inflation rate at present: indeed, to believe that the present state of affairs will persist in Britain much beyond the election requires a tremendous leap of faith.

In some shape or form, however, it is now virtually certain it will. In or out, it will profoundly affect all our lives, probably in ways hardly yet suspected.

Privatisation has been a political hot potato for almost as long as I've been in financial journalism, but during the past two and a half years, regulatory uncertainty, fat cat salaries and questionable standards of service have conspired to make these companies hate institutions. This is in many respects a great shame, for privatisation has brought enormous benefits to Britain.

Moreover, the price/cap form of economic regulation that Britain pioneered for its privatised utilities, has, on the whole, been a great success, bringing rich rewards for both customers and shareholders and hugely improving the efficiency of these one-time state-owned dinosaurs. It has been all too easy to forget these underlying truths in the cut and thrust of more recent debate.

Now the less, it is plain from the events of the last few years that the system is no longer working as smoothly as it should. On the one hand regulation is accused of being too lax, as in the case of Professor Stephen Littlechild's review of electricity distribution charges, on the other too harsh, as with Clare Spottiswoode's review of British Gas' Transco charges. So fundamental was the management

and regulatory failure in one case, that of Yorkshire Water, that the company was unable to guarantee supply. Some degree of reform is clearly required if public confidence in our utilities and in the system that regulates them is to be restored. In so doing, however, it is important that the baby shouldn't be thrown out with the bath water. The windfall tax on utilities proposed by Labour seems to me to be a highly retrogressive step. It is arbitrary, unfair and doesn't address the problem. A formalised system of profit sharing between customers and shareholders would be a rather better approach, though even this is not without its drawbacks.

In the end, however, the best solution may be the simple and undramatic one of institutional reform. Regulators clearly need to be made more accountable, transparent and co-ordinated in their approach. To make them so may require changes in the law.

Whatever anything can, or indeed should, be done about fat cat salaries and perks is another question. The privatised utilities have come to symbolise a much wider pattern of corporate excess in Britain. Sir Richard Greenbury's committee on executive pay has made a number of recommendations to address the problem and, perhaps predictably given its make-up, nothing.

True, executive pay is more transparent than it was, but this seems to have done nothing to shame directors into paying themselves less. Top salaries continue to motor ahead at a pace of knots. Out went the Greenbury incorrect executive share option scheme, in came the Greenbury approved "El Tip" – the surprisingly apt acronym (well nearly, anyway) for the long-term incentive plans which are now a part of every self-respecting executive's pay packet.

Not much in the way of performance

is required to hit the jackpot in a great many cases. Most of us don't expect any more than our salaries for doing our jobs. Once in the boardroom, it

seems, just getting out of bed in the morning is enough to earn you a big fat bonus on top. Don't just love being in control!

World capital markets have continued to boom and mushroom throughout the 1990s; derivative markets are now bigger by a factor of many times than the underlying physical markets they piggy back on. Many believe the process is to be out of hand and out of control.

The very fabric of the world's financial system is threatened, some believe, by free-wheeling investment bankers and their antics. This may or may not be alarmist nonsense. The test will come during the next big crash.

What is certainly true is that the progressively more complex and global nature of these burgeoning markets has made it much harder for banking supervisors and regulators, as well as the organisations who drive the markets, to keep pace.

One of the effects of this has been the advent of the rogue trader, the consume and fraudulent gambler who deliberately sets out to hide the extent of his trades from the prying eyes of regulators and superiors. Since I've been Business Editor we have had three notable examples: Nick Leeson at Barings; Yasuo Hamanaka at Sumitomo; and, more recently, Peter Young at Morgan Grenfell.

Though all very different, there is a common theme to these scandals. All have involved varying degrees of failure in management control, supervision and regulation. And although they may all be more symptomatic of negligent management than systemic weakness, they have none the less played a significant role in undermining public confidence in these vast and largely unfettered global markets.

Nick Leeson succeeded only in bringing his bank down, with calamitous knock-on effects. Who knows? The next one might involve rather more extensive damage.

From the top: Mrs Thatcher is approached to join the ERM. The Independent leads the field in uncovering the Guinness scandal.

The stock market crash of 1987. We expose Brent Walker's fraudulent accounts.

The Independent reveals plans to privatise all 10 water companies at once.

Guinness four are jailed. Britain plunges into recession.

The Maxwell scandal breaks.

Britain is forced out of the ERM.

The Independent reveals Halifax building society's plan to merge with the Leeds and float on the stock market.

Merger mania as Glaxo bids for Wellcome. How Barings top brass financed Leeson's rogue trades.

Murdoch's 10 years of tax avoidance.

The endless sorrow of Eurotunnel.

business

THE INDEPENDENT • Thursday 10 October 1996

BUSINESS NEWS DESK: tel 0171-293 2636 fax 0171-293 2096

Car strategy: German parent reveals ambitious plans to take range upmarket and increase production

BMW set for £3bn overhaul at Rover

MICHAEL HARRISON

BMW plans to increase production at its Rover subsidiary by a half to 750,000 cars a year as part of an ambitious £3bn investment programme that will see the model range completely overhauled, slimmed down and moved significantly upmarket.

In his first appearance since taking over as Rover's new chief executive on 1 September, Dr Walter Hasselkus also said that BMW intended to use common engines and electronic systems for both marques and shave at least £350m from their combined annual component expenditure of £14bn.

However, the expansion in car output, which is likely to be accompanied by the building of a £500m engine plant in the West Midlands, will not be matched by a similar increase in Rover's 39,000-strong workforce.

Overall, BMW has set a target of improving cost efficiency by 4 per cent a year and becoming profitable under German accounting rules from 2000 onwards.

Dr Hasselkus, who is also on the main BMW board and for-

merly ran its motorcycle division, indicated that Rover's car range would be cut from six to three models, while the number of platforms used to build vehicles across the Rover group would be reduced from 11 to seven.

The aim is to complete the overhaul of the model range in 10 years time. BMW has already announced that it will spend £400m on a new Mini, which will also be used as the platform for a replacement for the Rover 100 or Metro as it used to be known.

The Rover 200 and 400 series

will be replaced by one model as will the 600 and 800 series, while the MG will remain a distinct platform. Meanwhile Land Rover will expand production through the launch next year of a mini-Land Rover to compete with the likes of Toyota's RAV4.

BMW has already announced investment of £1.5bn in Rover and will spend the same amount again by the end of the decade. Investment is running at £500m a year – double the amount spent by British Aerospace when it owned Rover.

Although Rover will not be in profit for a further four years, Dr Hasselkus defended the huge

sums being invested. "BMW is taking a long-term view. We are not short-term thinkers and that means investing heavily for the future."

He added that if it wanted, BMW could get Rover into profit within two years but that would be at the expense of investment in facilities such as engine plants and paintshops.

He also said that German

accounting rules, which allowed it to translate currencies at the highest rate and depreciate capital expenditure upfront, made a difference of £200m a year to Rover's published profit and loss figures.

The ambitious model replacement strategy and the high levels of investment mean that the cars Rover will be producing will be significantly more expensive. Dr Hasselkus said

that even the new Mini would be an upmarket car with a price tag to match. The present model costs just under £9,000.

Dr Hasselkus said he was optimistic that the new engine plant would be built at Hams Hill in the West Midlands between Rover's Longbridge and Solihull plants, provided the Government agreed to provide state aid.

The Austrian government, which is also vying for the

investment, is prepared to offer £50m in aid and BMW is looking for something similar to site the plant in Britain.

"We are not blackmailing the Government by saying unless you put £50m on the table we will not come to Britain. But there has to be an offer which makes it financially viable for us to come here," he said.

On quality levels he said Rover still had some way to go

CITY & BUSINESS EDITOR: JEREMY WARNER

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Dr Hasselkus, new chief executive: 'We are not short-term thinkers and that means investing heavily for the future'

Photograph: Keith Dobney

Plasson pulls its London flotation

NIGEL COPE

Plasson, Israel's largest plastics company, pulled its flotation on the London stock market yesterday due to the deterioration in the political situation in the Middle East.

The float was to have raised £20m and would have made Plasson the first Israeli company to take a full listing for almost 30 years. It would also have been the first Kibbutz-owned company to list in London.

The company's brokers, Société Générale Strauss Turnbull, said that although early marketing efforts were successful, the outbreak of violence between Israeli and Palestinian forces meant the company would be unable to proceed with its original timetable.

Investors failed to take up £1.9m of the £20m initial public offering, leaving the company just short of the Stock Exchange's minimum float requirement of 25 per cent of the company's shares. The float would have valued the company at around £75m.

The business of Plasson was founded in 1963 by the Kibbutz Ma'agan Michael, and is located on the coast road between Tel Aviv and Haifa. The Kibbutz is one of the largest in Israel with a population exceeding 1,300. Plasson is a leading maker of plastic connectors for polythene pipes. Last year it made profits of £4.4m on sales of £52m. It is one of Israel's 100 largest companies.

The Kibbutz would have retained a 75 per cent stake in the company after flotation.

C&W steps in to sign up German partner

MATHEW HORSMAN
Media Editor

C&W & Wireless is to join forces with giant German utility RWE to develop its German telecoms business, the companies announced last night. Preliminary agreement was reached following the collapse of BT's much-vanted German alliance with RWE.

Richard Brown, C&W's chief executive, said: "This transaction underscores the value of our in-

vestment in Germany, materially reduces our exposure to the UK, would be refunded DM450m, because the alliance would be "substantially over-capitalised" with RWE's involvement, the companies said.

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British Energy under fire over 1,400 job cuts

MICHAEL HARRISON

British Energy, the newly privatised nuclear generator, was facing a storm of criticism last night as it confirmed that it is to cut 1,460 jobs just three months after its stock market flotation.

The redundancies, to be phased in over the next three years, will reduce staff levels by a quarter to 4,800. More than half of them will be among operating staff at British Energy's eight nuclear reactors. The remainder will be among administrative and support staff. The company has not ruled out compulsory redundancies.

John Battle, Labour's energy and industry spokesman, called on the President of the Board of Trade, Ian Lang, to apologise at the Conservative Party conference for the privatisation of British Energy. "Today we are seeing 1,460 employees lose their jobs as managers seek to make ends meet in the privatisation that never added up. This privatisation has been a short-term, desperate dash for cash to fund Tory tax cuts and we have all been the losers. Ian Lang must use his chance to say sorry."

Mike Jeram, head of energy at the white-collar union Unison said British Energy's staff were fed up being treated as "dividend fodder" and warned that the public would want to know how the cutbacks would affect the future of the company's nuclear reactors.

But a British Energy spokeswoman said there was no question of safety standards being compromised. She added that most of the job cuts were, in fact, part of rationalisation programme announced in 1994 and then put on hold following the Government's decision to split the nuclear industry in two and privatise the more modern advanced gas cooled reactor and the Sizewell PWR.

Of the 1,460 job losses, 800 will be among operating staff and 600 will be in support staff. The average number of operating staff per station will fall by 100 or roughly one-fifth. There will be 1,200 job losses in England and Wales and 260 in Scotland. British Energy's Barnwood administrative centre in Gloucestershire will be the hardest-hit site with 450 redundancies.

British Energy estimated savings of £50m. The one-off cost of the restructuring will be £100m which is fully covered by existing provisions.

Discussions have started with the Nuclear Installations Inspectorate about the operational aspects of the job cuts. A spokeswoman said they were far less draconian than those implemented following earlier privatisations of electricity generators.

British Energy said it had no current plans to build new stations in Britain, nuclear, gas or otherwise.



Tebbit: Said it was difficult for people over 55 to find work

Tebbit tells court of 'ageism'

MIKE TAYLOR
Press Association

Lord Tebbit, who once told the unemployed to get on their bikes and find work, said in the High Court yesterday that a "cult of ageism" in Britain was making it difficult for top executives over the age of 55 to

find work.

The former Conservative Party chairman was giving evidence for corporate troubleshooter John Clark in his £1m compensation claim for loss of his post as chief executive of business services group BET after it was taken over by Rentokil.

Another barrier in Mr Clark's way was that many chief executives were not suitable for

arrangements," an Ofcom spokesman said yesterday.

The complaint, which is supported by at least two other cable companies, follows the announcement last month of a scheme to give satellite dish subscribers £2.30 worth of free telephone calls a month, supplied by BT, and to provide cheaper installation charges and monthly subscription rates

to Sky subscribers for a limited time. The arrangement was an extension of schemes offered by BT and BSkyB, and is seen by some cable companies as unfair competition.

But at least two large cable companies were said to be "relaxed" about the schemes, with one saying: "This is just a form of marketing, and is no different, really, from what we do."

Cable operators offer combined television and telephone packages to attract new subscribers.

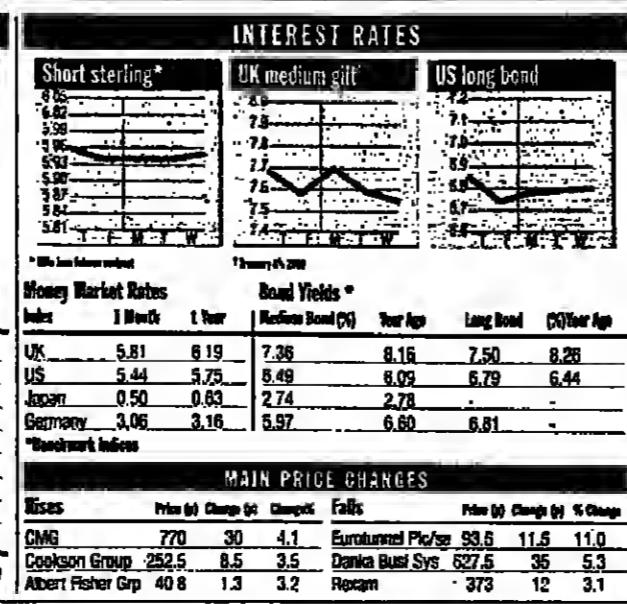
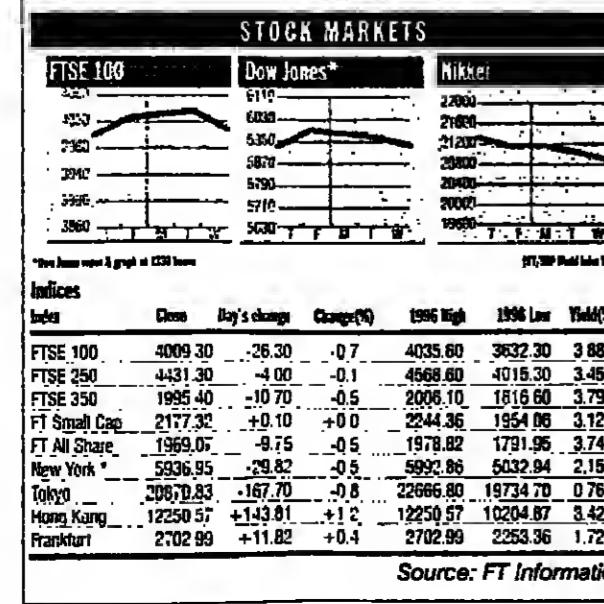
BT said it was unimpressed by the complaint, but stressed the scheme conformed with all aspects of its licence.

"The country's leading telecoms operator and the most profitable broadband carrier will always attract this sort of interest," a BT spokesman said.

Lord Tebbit said: "Very little indeed. One assesses people on their work. Their reputation is normally public. There is not an old school network of people finding jobs at cocktail parties and dinner parties."

American-born Mr Clark turned round the ailing fortunes of BET before it was acquired by Rentokil for £2.2bn last April in a hostile takeover. He had been no consultation with the BET board. BET directors agreed that this was not the correct way to deal with Mr Clark, who had "given his all to BET".

The case continues today.





COMMENT

If you think the current Mini is expensive at a shade under £9,000, just wait until you see the new version for the next millennium. The one thing that Rover's customers are not used to is paying top prices for their cars'

Ultimate task may prove too much for BMW

Strange things happen to the profits of British companies when they are piped through the German accounting system. Just ask Rover which, to its bemusement, saw a £92m operating profit turn into a £148m loss last year.

Well here's another set of whacky figures to get your mind around from the same folk who brought you Rover's disappearing profits. As BMW, which paid £800m for Rover in an uncharacteristic display of largesse two years ago, wants to increase production at its British subsidiary from 500,000 to 750,000 over the next four years without taking a single extra filter. If that isn't enough, it also wants to build a plant in the West Midlands that will churn out 400,000 engines a year for the car that will replace the Rover 600 and 800 series.

Even supposing that some staff are transferred from building engines to the more labour-intensive business of bolting together cars, that still suggests a production rise of 40-50 per cent. Far from it, says Dr Walter Hasselkus, who has just crossed over from Bmw on his BMW1000 motor cycle to take charge at Longbridge. The figure he has in mind for efficiency savings is more like 4 per cent a year. That, according to BMW, would still be world-class but it is a far cry from the improvements implied by its ambitious production targets.

The discrepancy can be explained by the mountain of cash that BMW intends to throw at the old dog to get Rover where it wants it

to be in the next decade. The Germans plan to spend a cool £3bn on Rover before they see a single penny in profit back.

The ultimate driving machine has taken on the ultimate task. It plans to replace the entire product line-up and cut the number of basic platforms that Rover and Land Rover use from 11 to seven while overhauling quality standards so that the doors close with a clunk not a click.

If BMW is ever to make decent profits on such colossal investment it can only mean one thing – that the price of a Rover will start to march smartly upwards. If you think the current Mini is expensive at a shade under £9,000 just wait until you see the new version for the next millennium. The one thing that Rover's customers are not used to is paying top prices for their cars. Convincing them otherwise will be almost as hard as a task as knocking Longbridge and Cowley into shape. Certainly it is going to take all BMW's legendary marketing skills.

Clarke fights to keep hand on the tiller

Only the none-too-distant noise of knives being sharpened will disturb Kenneth Clarke today as he stands up at the Conservative Party conference to stake his claim to being the best Chancellor for a generation. Steady growth, low inflation, the lowest

mortgage rates for more than 30 years, room for modest tax cuts in November and, what is more, the Government's books can still be made to balance by the turn of the century, according to yesterday's Green Budget from the Institute for Fiscal Studies and Goldman Sachs. He can have it all.

Or can he? Minutes of his meeting with Eddie George a month ago reveal the Governor to be steadily arming himself to argue for an increase in interest rates. Mr George has upgraded his warning from "risks to the inflation target probably on the upside" in June's minutes (when he argued against the last quarter-point cut in base rates) to "significant risk to the inflation target".

The IFS's Green Budget, still by far the best of the curtain-raising tonnes fractionally published ahead of the real thing, warns that achieving the Government's borrowing targets depends crucially on successful control of public spending. Mr Clarke has conformed with his spending plans for the past three years (no mean feat this), but it becomes much tougher from here on in. Moreover, the Green Budget assumptions on tax receipts rely on growth in GDP staying above the long-term average for the next five years without triggering inflation. You have to be a hopeless optimist to believe either of these two things will happen in practice.

What's more, the Chancellor's success in negotiating these obstacles – and, let's be fair, he has steered well so far – is under unusually intense scrutiny by the financial markets.

For this he can thank the Tory equivalent of Labour's lousy left in the early 1980s, the disturbingly large group of Conservatives who think the way to win the election is to burn bridges with Europe and slash and burn taxes and spending. Their influence negates the credit the Chancellor gets for his steady hand on the macro-economic tiller. As far as the markets are concerned, Britain has the best performing economy in Europe, but it also contains the greatest political risk, too.

British Energy runs flat out to stand still

The fact that British Energy is getting rid of almost a quarter of its staff should not prompt people living near its power stations to decamp to safer places, or at least not yet. Though a nuclear station is a more delicate animal than a coal or oil-fired one, and needs ten der loading care 24 hours a day, the job reductions confirmed yesterday are not going to leave the station control panels unmanned.

Indeed, the proposals are modest compared with what happened among the privatised fuel generators. National Power found it could dispense with the services of 70 per cent of its pre-privatisation staff, and PowerGen not much less. It was this unexpectedly high scope for efficiency gain that made the generators, and their regional distribution sister companies, into such unbridled cash machines.

They have proved far more valuable than the City dreamed when they were first privatised. British Energy is different. Its plants need to run flat out all the time to be economic. As a consequence, the scope for further improvements in efficiency is less pronounced.

With this latest package, British Energy is probably going about as far as it properly can. The Nuclear Installations Inspectorate, the safety body, would certainly look with suspicion at any further intrusions into staffing levels. So if British Energy cannot employ the slash-and-burn tactics of the rest of the industry to increase shareholder returns, what can on earth can it do once the present programme has run its course?

Hopes of building another pressurised water reactor power station had to be abandoned ahead of the privatisation; the economics of these things were so ludicrous that they would not have stood up to examination in the prospectus. At one stage there was a grand plan for expansion into gas fired power stations, but we have more than enough of those already in Britain so that strategy has fallen by the wayside. Indeed, there are no current plans for British Energy to do anything at all in the UK off its own bat. Joint ventures seem to be the name of the game.

The shares, at 108p, stand 3p above the privatisation price – an acknowledgement of what a pariah stock this remains. This is a company whose expertise is the management of decline, for unless things change dramatically, these power stations will never be replaced.

Tighter spending 'will pay for tax cuts'

DIANE COYLE

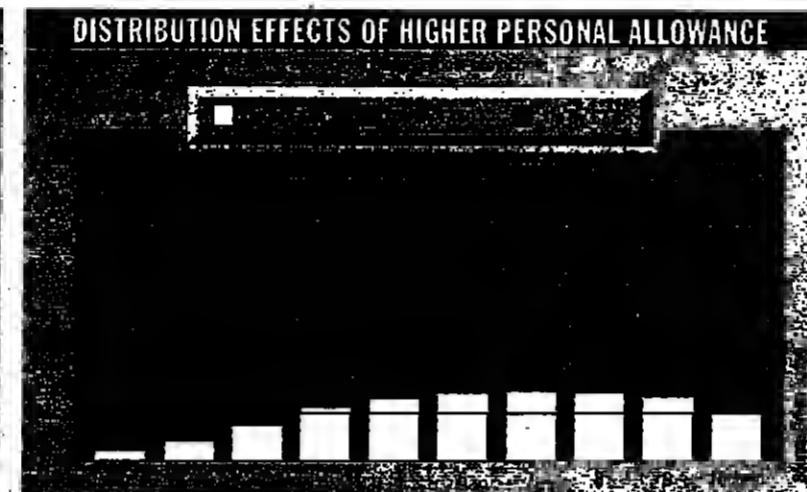
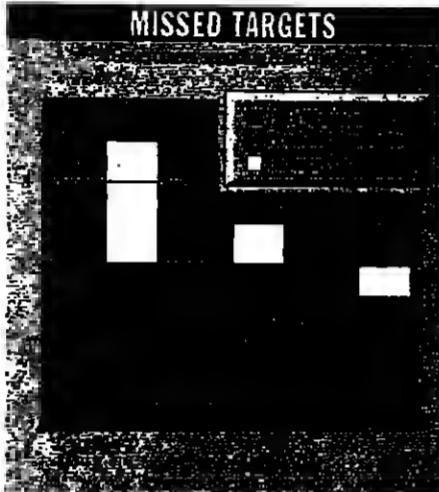
Economics Editor

Kenneth Clarke, Chancellor of the Exchequer, should not cut taxes in next month's Budget, but probably will. Even so, he will be able to publish plans showing the Government's budget balancing at the turn of the century by pencilling in spending cuts, according to an independent analysis published yesterday.

The respected annual *Green Budget* by the Institute for Fiscal Studies and investment bank Goldman Sachs predicts tax cuts worth £3bn, equivalent to 2p off the basic rate of income tax, and the same size as last year's giveaway.

"We do not recommend tax cuts but we expect them," said Gavin Davies, chief economist at Goldman Sachs. He said tax cuts would not jeopardise the Chancellor's aim of achieving budget balance by 2000 because they would be paid for by further cuts in planned spending. The key question would be whether the Government could hit its spending targets.

Mr Davies said: "This is not



the go-for-broke, tax-cutting package that the right wing of the Conservative Party would like to see."

The *Green Budget* forecasts show a similar profile for future public borrowing to the Treasury's latest forecasts, regardless of which party wins the General Election. In fact, its figures are more optimistic, putting the Public Sector Borrowing Requirement at £26bn in the current financial year and £21.5bn

in 1997/98, compared to the £26.9bn and £23.1bn in the Treasury's Summer Forecast.

It assumes there will be a reduction in income tax equivalent to 2p off the basic rate but possibly taking the form of an increase in tax allowances or widening of the lower-rate tax band instead.

Of the three options, raising the personal allowance helps the poorest income groups the most. An increase of £175

would reduce the number of taxpayers by 500,000. A reduction in the basic rate is least helpful to the low income groups.

Shadow Chancellor Gordon Brown's proposal for a 10p lower rate of income tax would be of greater value to poorer households than a reduction in the basic rate, according to the *Green Budget*, although still not as effective as a higher personal allowance. Best of all for the low-paid would be a reduction in VAT.

Dramatic changes in corporate taxation are unlikely this Budget, beyond further steps to close tax loopholes, the report argues. The IFS warned investors to watch out for a reduction in Advance Corporation Tax if the lower rate of income tax falls, because a lower ACT rate raises revenue from tax-exempt and top-rate shareholders.

However, the shape of the Budget and the strength of sterling are likely to influence the Bank of England's view. The pound has gained 1.5 per cent in value since the 4 September meeting, which will have the same effect as a small rise in interest rates if it is sustained. A cautious Budget would also allow Mr George to keep his powder dry.

The economic evidence will continue to be mixed, as indicated by this week's figures showing flat manufacturing output in the first eight months of the year. The figures will not all be pointing in the same direction for some time.

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Economic view, page 28

Ken and Eddie move further apart on rates

Kenneth Clarke and Eddie George, the two titans of economic policy, moved further apart on interest rates when they met a month ago, writes Diane Coyle.

Although the gap between them was only a quarter of a percentage point, Mr George emphasised the "significant" link to the inflation target if base rates did not go up by that much.

Mr Clarke insisted that there was no sign yet of inflationary pressures.

According to minutes of their

meeting on 4 September, published yesterday, the Governor said the short-term outlook for prices was favourable but demand was trending up. "That pointed to inflation picking up again in the course of next year, putting the inflation target at significant risk in 1998," he argued.

Economists read much significance into that "significant".

The Bank is girding itself to recommend no increase in interest rates that rates are raised," said Geoff Dicks at NatWest Markets. He said this could be

expected by the time it published its next Inflation Report on 6 November.

Mr George said the Bank would prefer a "marginally tighter" policy now and warned that the longer the delay, the bigger the increase that would be needed.

However, the Chancellor replied that there were no signs of unsustainable fast growth. He added that there was "certainly no sign of any housing market boom". The minutes record that, in a piece of creative

interpretation of Mr George's remarks, "he was inclined to agree with the Governor that there was no case for moving interest rates in either direction on this occasion".

City analysts still reckon there is little chance that Mr Clarke will put up the cost of borrowing before the election, although almost all think the next Chancellor will have to bite the bullet.

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"We know we have an agreement," Arthur Siskind, the lawyer representing Fox said.

There are documents that reflect all the material terms in the agreement". A condition of the federal approval of Time Warner's merger with Turner was that its cable system should carry at least one other news alternative to Turner's CNN.

In a statement of its own, Fox added that the lawsuit would allege that a "conspiracy has taken place prior to the still-to-be-consummated merger" to freeze Fox out of the Time Warner cable system in New York City. Time Warner ended negotiations with Fox last week.

The lawsuit is utter foolishness," Richard Parsons, president of Time Warner, said through a spokesman.

Deutsche Telekom said more than 2.5 million people had expressed interest in buying shares in the company when the first offering is floated in November. Retail investors have until 11 October to register with the company for special incentives, including a price discount on shares purchased. "Demand is exceeding all expectations," the company said. Since the beginning of the week, it has had to double the number of people handling investor inquiries. The company was receiving 70,000 calls an hour, it said.

IN BRIEF

Investec Bank of South Africa is in advanced negotiations to buy Carr Sheppards, one of the City's leading private client stockbrokers, from Banque Indosuez. Carr Sheppards, which focuses on portfolio management for private clients, charities and pension funds, has been looking for a buyer since Banque Indosuez reviewed its strategy last year and decided to concentrate on its core business. "There was no shortage of interest which meant that the selection process was long and involved," said Fred Carr, chief executive of Carr Sheppards, which will continue to operate as a separate entity under the terms of the deal. Indosuez and Investec hope to conclude the deal by December.

Stagecoach, the Perth-based bus operator, yesterday claimed a first in completing the securitisation of £545m of debt associated with its controversial takeover of the Porterbrook rail leasing company. Although the group will keep the debts on its balance sheet, there will be no recourse to Stagecoach, which will bear an average fixed cost of around 7.4 per cent on the funds raised.

The main securitisation vehicle has issued £443m of triple-A rated bonds backed by Government-guaranteed lease revenues payable by Porterbrook's 16 train operating company customers.

Earlier this year, Nomura used securitised debt to buy Angel Train Contracts, a rival rail leasing group.

Investment column, page 26

and opted to carry only Mr Turner's CNN, the market leader, and another entrant to all-day news, MSNBC, a joint venture between NBC and Microsoft.

The lawsuit, which was to be filed before the end of business yesterday, is believed to accuse Time Warner of violating antitrust laws by spawning Fox. It will seek an injunction against the completion of its merger with Turner Broadcasting and is also said to seek financial compensation. Most observers believe that to survive in New York.

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Mr Murdoch is set to take row over Fox to court

DAVID USBORNE

New York

Rupert Murdoch was expected last night to file a lawsuit in a New York federal court against Time Warner in an increasingly bitter and public spat over cable access for his Fox TV 24-hour news channel, which was launched this week.

The court action was the latest development in a clash involving some of the world's biggest media titans – Mr Murdoch himself, Gerald Levin, the chairman of Time Warner, and Ted Turner. The final merger between Time Warner and Turner Broadcasting is set to be approved by shareholders today.

The drama, which last month spurred Mr Turner to compare Mr Murdoch to Adolf Hitler, has also drawn in almost the entire political establishment of New York state. Republican leaders – notably New York City Mayor Rudolph Giuliani and Governor George Pataki – have weighed in to support Mr Murdoch.

Mr Murdoch's News Corp, which owns Fox TV, is accusing Time Warner of renegeing on an agreement to provide space for its all-news channel on Time Warner's cable system in New York City. Time Warner ended negotiations with Fox last week.

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CLASSIFIED

Legal Notices

Company Number 3094258

AERODOME LIMITED

NOTICE IS HEREBY GIVEN that pursuant to Section 36 of the Insolvency Act 1986 that a Meeting of Creditors of the above Company will be held at 97 Brooklands Road, Weybridge, Surrey KT13 0RW on the 11th October 1996 at 12 noon for the purposes mentioned in Sections 99, 100 and 101 of the said Act.

NOTICE IS ALSO HEREBY GIVEN pursuant to section 9(2)(a) of the Insolvency Act 1986 that

business

Stagecoach offers an exciting ride

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Stagecoach has cut a dash in the world of privatised bus groups, and not just because of the orange jackets sported by its executive chairman, Brian Souter. The Perth-based group spotted early on the huge profits to be made from buying up, rationalising and re-integrating parts of the former nationalised and municipal bus groups. The results have been reflected in a share price which has outperformed the rest of the market by around 270 per cent since flotation in April 1993. Yesterday's innovative repackaging of £545m of leasing assets taken on with the Porterbrook rolling stock company is part of the group's attempt to repeat its success with the rail industry.

Assuming the regulatory authorities do not put a stop to Mr Souter's ambitions, the potential is huge. Earlier this year Stagecoach paid a nominal sum for South West Trains. Yet by 1999, on the estimations of the company's own broker, UBS, that seven-year franchise could be chipping in profits of £21m. But even that pales into insignificance besides Porterbrook. That £25m deal, part-financed by July's £11m rights issue at 410p, could be bringing in operating profits of £97m by the end of the century, or 38 per cent of the group total, according to UBS. With deals like these, it is not hard to see why Stagecoach has tendered for the other 12 train operating companies still to be offered for sale.

Yesterday's securitisation clears the balance sheet for more deals. As the table shows, the group's hunger for acquisitions has sent debts soaring. The combination of Porterbrook and last month's £23m acquisition of Swebus, the Scandinavian bus operator, would have sent gearing to a stratospheric 600 per cent. After securitisation, debts with recourse to Stagecoach will only be equivalent to gearing of somewhat over 200 per cent.

Bankers are apparently happy to continue to finance Stagecoach, but future deals are more likely to be outside the group's traditional areas. The top five bus operators are estimated to control 70 per cent of the market. The scarcity of acquisition targets means prices have been rising and the urban operators, more insulated from the general fall in bus travel, are likely to command high premiums.

Stagecoach is still a long way from relying solely on its declining markets for future growth. The danger is rather that the group's management will be stretched beyond breaking point.

Profits could be anywhere from £90m to £106m this year, putting the shares, down 8p to 569.5p, on a forward multiple of between 16 and 18. Compared

to an earnings growth rate of more than 30 per cent that still looks good value, but there are risks as well, not least of which would be a Labour government unfriendly towards rail privatisation.

Austin Reed tailors its look

Austin Reed has done well to bounce back from the disaster of 1995/96 when the men's and women's clothes retailer paid the price for ditching its classic women's business suits in favour of a less structured, casual look. The spring and autumn ranges were spurned by customers forcing two profits warnings and an eventual halving in the group's pre-tax profits to £3.4m.

Given womenswear only accounts for 20 per cent of group sales and profits, the impact was surprisingly severe.

But chief executive Chris Thomson has moved quickly to put the company back on track. The classic, more

tailored look in womenswear has been restored and new management brought in. The result is a much more focused approach with a stricter attitude to costs.

The benefits are starting to show with a jump in pre-tax profits from £1.7m to £2.6m in the six months to August. Sales in the 46 shops were up by 8 per cent during the half and 9 per cent in the three months since.

With more focus on stock control there have been fewer mark downs and better margins. There are plans for three more stores but management's main priority is not to expand but consolidate what they've got.

Profits at the manufacturing division were flat but the factory has been completely overhauled and is winning new business. Licensing income was also static at £1.4m though new deals have been signed in South-east Asia.

Like Moss Bros earlier this week, Austin Reed looks well placed to benefit from the consumer upturn as well as the popularity of classic tailoring. But it has to get the products right. The real change seems to be the new management which has brought

a breath of fresh air to this near 100-year-old company.

Mr Thomson says last year was a blip. The shares have certainly traded erratically in the last two years, bungee-jumping between 160p and 240p. They closed up 5p to 219.5p yesterday. With NatWest forecasting full-year profits of £5.8m, the shares trade on a forward rating of 18. Given the prospects, they are worth holding.

Country Casuals stays in the red

For much of the past year, Country Casuals shareholders have had few regrets about turning down former chairman John Shannon's opportunistic 140p-a-share bid for their company. The shares reached 179p at one point in the spring.

It has been pretty much downhill all the way since then, however, and yesterday, after disappointing interim figures, they dipped below the offer price for the first time, closing 19p lower at 136.5p. Anyone who has stood by the company has paid a considerable opportunity cost.

Of the company's three divisions, two had a poor first half, so although the interim loss was reduced from £1.04m to £812,000, the company remains in familiar red territory. Analysts' forecasts of about £3.5m profit in the year to next January were yesterday revised to £2.4m.

The core Country Casuals brand never really managed to recover from a weak first quarter and like-for-like sales were flat in the first half. Worse, because much of that turnover was struck in July during the summer sale, gross margins fell from 60 to 57 per cent. As a result, interim profits were a third lower at £236,000.

The other duft area was Leroe, the manufacturing arm, where sharply reduced demand from one customer led to a rise in the first-half loss from £145,000 to £365,000.

Elvi, the outsize clothes specialist saw year-on-year growth of 19 per cent and a rise in the gross margin but the aftermath of a heavy store-closure programme persists and despite a reduction, the loss was still a sizeable £700,000 (loss of £1.3m).

An increase in the interim dividend from 1.4p to 1.7p was designed to signal confidence in the future, and analysts still expect good growth next year, but until there is more concrete evidence of recovery the shares, on a forward p/e of 16, are high enough.

Journalists behaving badly in the Bahamas

PEOPLE & BUSINESS

News just in: *"Men Behaving Badly"* magazine has launched a new magazine called *Millennium Man Monthly*, which is failing miserably to take off. Supporting the launch of the magazine and keeping it on the news-stands has meant that *Men Behaving Badly* magazine is now in severe financial difficulty.

For those of you like me, who had never heard of such a magazine, only the TV show, the explanation is that this is part of a fictional scenario put together by the Society of Practitioners of Insolvency (the people who wind companies up).

The idea is to invite a number of journalists along, yours truly included, to play out a "business rescue game" to see how receivers do their stuff first hand. SPI want to show that receivers spend as much time rescuing insolvent businesses as burying them.

Cofin Bird, senior corporate recovery partner at Price Waterhouse, will oversee the game. Simon Breakley, managing partner at accountants Buchler Phillips, will play the insolvency practitioner and Stephen Gale, a partner at law firm Hammond Sudards, will rule on what is legal and what is not.

"Should you choose to accept this invitation, you and other journalists will be playing key roles in the scenario," says SPL. Sounds great. I think I'll be the business man who gets it to the Bahamas with the lot.

A missive reaches me from the Corporation of London: "Lord Mayor's Show welcomes Britain's Olympic heroes."

To which one might respond, if one were being chirrupish: "Sounds like a pretty small show, then."

Which would be unfair. This year's parade through the streets of the City on 9 November will cost £3m. Our only gold medal winners from Atlanta, ourmen



Uncertain future: Will 'Men Behaving Badly' be wound up?

Steven Redgrave and Matthew Pinsent, will be in the parade as part of the Port of London's entry.

Also parading will be the next Lord Mayor of London, Alderman Roger Cork, who will take over from Sir John Chalstrey on the Friday before the show.

Ald Cork is following in his father's, Sir Kenneth Cork's footsteps. Sir Kenneth, who was Lord Mayor in 1978-9, virtually invented the modern profession of insolvency and wound up the old Rolls Royce company in the 1970s. He also founded the Cork Gully receivership firm, now owned by Coopers & Lybrand, where Ald Cork spent 25 years also as an insolvency practitioner.

Ald Cork is now a partner with Moore Stephens. His business colleagues in the Corporation will no doubt be on their best behaviour, lest he liquidates them.

Gavyn Davies, Goldman Sachs's economics guru and adviser to the Labour Party, as well as columnist for this newspaper, was at the shindig yesterday to launch the *Green Budget*, which is produced each year by the

Institute of Financial Studies. Gordon Brown, shadow chancellor, has promised a "proper" green budget when Labour sweeps to victory.

Which raises a delicate problem – will Mr Brown be willing to contract out Labour's green budget to the obvious candidate, Mr Davies? Or will he do it himself? Watch this space.

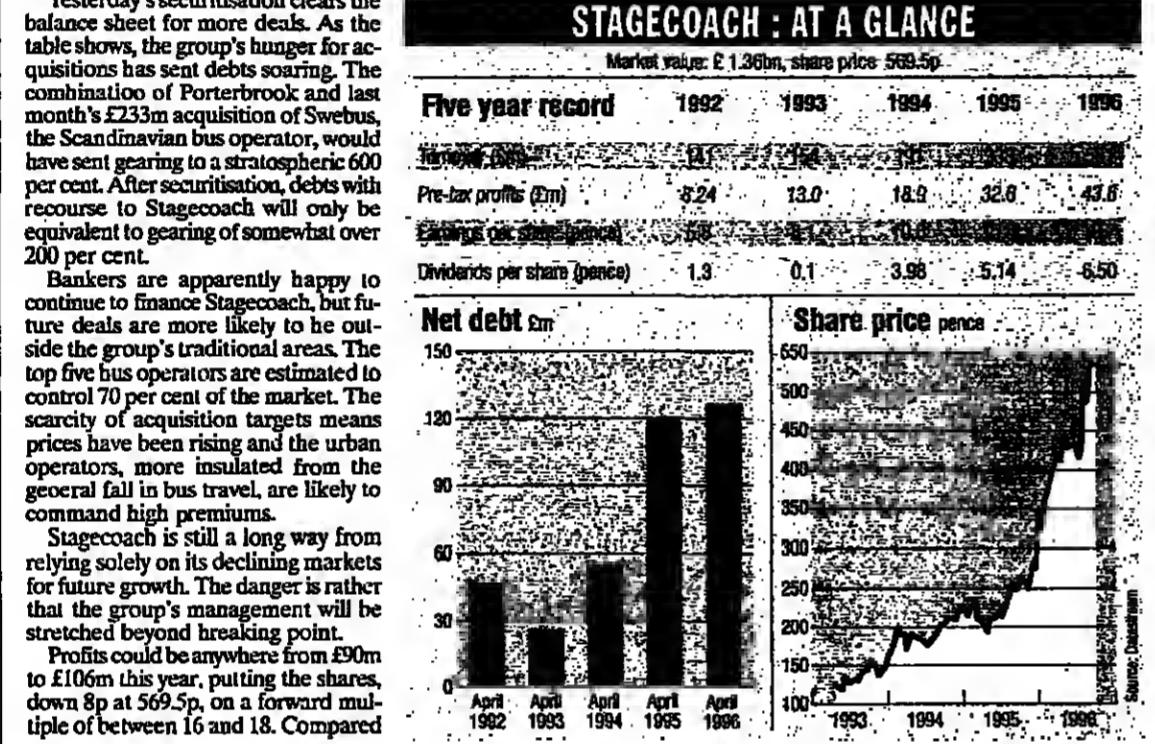
A galaxy of City worthies is off to Greece in a fortnight's time to run a marathon for charity on the original path between Marathon and Athens used by Pheidippides in 490BC to report the defeat of the invading Persians.

The Athens Centenary Marathon is being organised by John Campbell, managing director and co-founder of Campbell Lutyens, a corporate finance boutique.

"It will mark the centenary of the first modern Olympic Games in Athens," he says.

Among the runners is the founder of *The Independent*, Andreas Whittam Smith, a keen runner who has not yet run a marathon. "I'll be running a mixture of running and walking," he says modestly.

John Willcock



THE INDEPENDENT

RACING

PLAY FORMULA 1 DREAM TEAM

WIN a drive in a grand prix car

Today is the final day that you can enter for Formula 1 Dream Team. Register today for the Japanese Grand Prix and you stand the chance of winning a day out testing with the Tyrrell team.

Throughout the season we have offered prizes to the winning Dream Team in each individual grand prix. The champion of our Formula 1 Dream Team game for the whole 1996 grand prix season will win our overall prize, a drive in a Formula One car.

Your team must comprise three drivers, a chassis and an engine; your budget is £40 million. Make your selections from the grand prix shopping list (printed right); the only restriction is that your third driver must come from the £1 million category. Details of how to enter are given on this page.

HOW YOU SCORE
Points are awarded per race to the top six finishers, based on the Formula One World Championship points scoring system (10, 6, 4, 3, 2, 1) but with an extra 10 points awarded to each of the top six finishers. All drivers are eligible to score for a top six finish but can also notch up extra points as follows:

• The fastest driver in race-day warm-up will collect six points, five for the second and so on down to one point for the sixth quickest.

• Drivers score one point for each place they make up over their grid position. Points are not deducted by losing places.

• Five points are lost if your driver posts first retirement, four for second down to one point lost for the fifth retirement.

• If your driver makes the quickest pit-stop (from the entry of the pitlane to the exit) you gain five points.

• If your driver sets the fastest lap time in the race, you gain five points.

• If your driver receives a stop-go penalty, you lose five points.

• If your driver starts on pole position, you gain five points.

• The independent will name a Driver of the Day after each race for a particularly impressive performance, worth five points.

• Non-qualification for a grand prix loses you two points. If a driver is un the FIA's published starting grid but fails to take the start, no points are lost.



Plus prizes to be won with every grand prix

DREAM TEAM TOP PRIZE

The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize – a drive in a 450bhp F1 car. You will be flown to the AGS team's training school in the south of France for the most exhilarating experience of your life. The school specifies its F1 courses and driving all the raceways and instruction you will need for a day driving F1 and other single seat cars.

• Drivers removed from the result for any reason lose all points gained that weekend. Any driver not competing in a grand prix weekend scores no points.

• Chassis score and lose points in the same way as drivers for a top six finish or any early retirement. The score is based on the first chassis home of that particular manufacturer. Likewise, only the first chassis retirement will count if they are both among the first five to retire.

• Engine rules are the same as the chassis rules, without the retirement penalties.

HOW TO ENTER
Choose your Dream Team from the shopping list on this page. Remember, you must choose three drivers (the third from the £1 million section), one chassis and one engine. You must not exceed your budget of £40 million.

Give your team a name and register it by ringing 0891 891 805. You will immediately be asked the entry question: How many races are there in this year's Formula One World Championship?

To enter your Dream Team details you can use one of two methods.

Method 1 uses a tone phone that lets you

key in the code numbers of your driver, chassis and engine choices. The computer will check that your team falls within budget and is eligible.

Method 2 uses a non-tone phone and you give your details verbally. A budget check is not possible using this method.

When you have registered your Dream Team, you will be asked to predict the number of points this year's champion will notch up over the year. In case of a tie at the end of the season, the nearest figure to the champion's points will win the top prize. In the event of a further tie, the team that registered first will win.

• For lost PIN numbers please call: 0891 891 808. For our Helpline call: 01275 344183.

• The Top 50 Teams Line, lists the top 50 teams from the last race. Both the Team Position Check Line and the Results & Top 50 Teams Line will be updated at 2 pm on the Monday following a race.

Once you have registered your team you

will be asked for your name, address and telephone number. Your team selection plus your personal details will be played back to you and, when you confirm that they are correct, you will be given a PIN number.

This is confirmation of your entry and will enable you to access the score checking line.

There is no limit on the number of teams an individual can enter, but only one team can be registered per call.

CHECKING YOUR SCORE

You can check your team's position at any time by calling 0891 891 806 and quoting your PIN number. If you want to know the individual driver, chassis and engine scores from the most recent race, call 0891 891 807. This line will also list the Top 50 Formula One Dream Teams.

Rules

1. All telephone calls are charged at 45p per minute cheap rate, 50p per minute at all other times, with a typical call to secure your entry lasting between five and seven minutes.

2. The deadline to be included in a particular race is midday the Friday prior to that race.

3. The judge's decision is final, no correspondence will be entered into and there is no cash alternative for prizes.

4. Employees of Newspaper Publishing Plc, Haymarket Publishing Ltd and all associated companies and their families are ineligible.

5. Entrants must be 18 or over and residents of the UK or the Irish Republic.

6. To be eligible for the main prize, you must hold a current driving licence, be no more than 220lb in weight and weigh no more than 220lb.

7. All scores will be worked out according to the official FIA time sheets produced at the meeting. The values stated for drivers, engines and chassis bear no relation to real life.

8. In the event

business

Voters should be thankful for the fiscal vigilantes

One of the achievements of the Major Government has been the doubling of Britain's national debt. Interest payments on this debt are the fourth highest category of government spending, after social security, education and health.

The debt matters for a variety of reasons but not necessarily in the ways that many people would expect. For instance, the obvious worry – that the nation is building up a liability that taxpayers will eventually have to honour – is a red herring. For one thing, it is a government liability mainly to British citizens, for whom it is an asset in the form of holdings of gilt-edged securities. For another, the level of debt is the result of financing past deficits and has to be serviced. It is unthinkable that the British Government should default so we have to grit our teeth and pay the taxes that pay the interest.

A more interesting explanation of why the national debt matters is given in a new book by Francis Cavanaugh, a Washington consultant who used to work at the US Treasury*. The national debt and proposals for a balanced budget have been a hot topic across the Atlantic, where the Federal government had to shut down twice last winter because Congress had not authorised an increase in its debt ceiling.

Mr Cavanaugh argues that stopping the debt from growing any further is a necessary step to restoring public confidence in government. He writes: "Much of the public cynicism about government undoubtedly arises from the fact that for 26 years leaders of both political parties have failed to deliver on their promises to balance the budget."

"Even voters who do not worry much about the deficits conclude that



ECONOMIC VIEW
DIANE COYLE

politicians are liars or incompetents because they do not achieve what they [the politicians] say should be achieved."

The same point has been made recently by another American economist, Herbert Stein. "Nothing better reveals the vacuum in economic policy than the gap between the nearly universal statements of aversion to budget deficits and the prospect of exceptionally large deficits as far ahead as the eye can see," he wrote in a paper in 1994.

'Politicians cannot have the pleasure of spending without the pain of taxing'

In other words, the national debt matters because its increase reflects the fact that governments have consistently run big budget deficits, despite telling us voters that big budget deficits are a bad thing.

Despite or perhaps because of their performance shortfall, the politicians' message has become more insistent. Kenneth Clarke, Chancellor of the Exchequer, tells anybody who will listen that his aim is to balance the budget in the medium term.

His Labour shadow, Gordon Brown, tries to outdo him in the toughness of his rhetoric. European governments have started to make heroic efforts to meet the ceilings on

deficit and debt set out in the Maastricht Treaty, and are negotiating how to bind themselves to these ceilings after the start of the single currency.

The fashion amongst politicians for the hair shirt raises two interesting questions. Why has fiscal prudence come into vogue? And how will they walk their talk, and put the prudence into practice?

The answer to the first question lies in the power of the financial markets, which have filled the policy vacuum Mr Clarke referred to. There

have been several episodes during the 1990s of what it has become fashionable to do as fiscal vigilantes by the markets: a country whose budget deficit has reached alarming proportions finds that its currency comes under attack from speculators.

Calm is restored by a mix of higher interest rates and emergency budget measures. Italy, Spain and Sweden have suffered, for example. Many economists think the weakness of the dollar in the year before the G7 took action in April 1995 was an extended example of financial markets taking flight at a government deficit.

Despite the criticism implied by referring to them as vigilantes, the

"speculators" tend not to push matters to a crisis until a government has got itself into very big trouble. There have been more crises because some European governments have got themselves into potentially explosive fiscal problems. It would be useful, in fact, to get a bit more foresight from the markets so they would do their vigilante act well before crisis-point. Even so, they are flagging a useful warning of unsustainable debt creation and future tax increases. Voters ought to be grateful rather than critical.

This home truth explains why fiscal caution has entered the vocabulary of politicians. Ministers of finance are well aware that if they appear to be lackadaisical about their budgets, they run the risk of a run on the currency and an increase in market levels of interest rates. Whether they are genuine converts to deficit reduction or just embrace it in order not to be martyred by the markets, they have to appear to believe.

The more difficult question to answer is how governments will achieve their fiscal consolidation. Yesterday's *Green Budget*, presented by investment bank Goldman Sachs and the Institute for Fiscal Studies, calculated what a sustainable government deficit would be in the case of the UK.

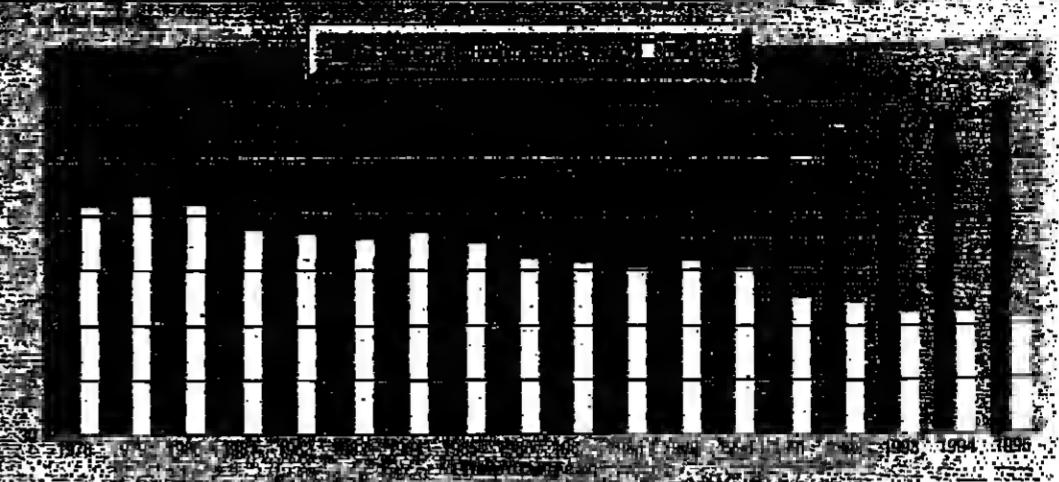
There are several possible principles of prudence. One is the "golden rule" that the government should only borrow to finance investment. The appropriate definition of investment is open to debate, but roughly speaking, the rule implies a shorthand between revenues and spending of around 1 per cent of GDP.

An alternative principle, stabilising

the level of national debt, would allow borrowing of 2.5 per cent of GDP on plausible assumptions about likely growth and interest rates. The single currency is likely to set a permanent 3 per cent ceiling on the budget deficit, which would also imply aiming for about 1 per cent of GDP on average. Mr Clarke's balance in the medium term obviously implies a figure of zero instead.

As the *Green Budget** points out, with the PSBR likely to be 3.3 per cent of GDP this year, there is some way to go. If the Government hits its current spending plans, however, it calculates that borrowing would fall below 2 per cent of GDP in 1998/99 and below 1 per cent of

SPENDING SHARES IN GDP



spending. Their share of the total has grown steadily. David Walton of Goldman Sachs posed the question clearly yesterday: "The fundamental issue is how the Government's objective of achieving a declining share of spending in GDP can be squared with maintaining the provision of these front-line services at a level and standard that the public expects or needs."

Taxpayers in the rich industrial countries want their government to continue increasing spending on the quality of health care as medical science advances, for example, or making sure there are computers in classrooms. These things have a cost.

This also goes to the heart of Mr Cavanaugh's book, a moral that applies as much to the UK as to the US: politicians can not have the pleasure of spending without the pain of taxation. Their rhetoric has to go one step

further and admit that either the quality of public services is safe in their hands but taxes will have to go up, or that taxes can fall further but that means a continual squeeze on health, education and social security.

Both parties give us only one side of the equation in the hope that a long-term improvement in economic growth will materialise to transform the algebra for the better. It is a dishonest formula to put before the electorate.

* "The Truth about the National Debt", Francis Cavanaugh, Harvard Business School Press, September 1996.

** Available from the IFS, 7 Ridgemont Street, London WC1E 7AE. £20. The IFS runs "Be Your Own Chancellor" on its Internet site, <http://www.ifs.org.uk>.

Foreign Exchange Rates

Country	Sterling	Dollar	D-Mark
US	86.16	15.13	1000
Canada	2.88	38.44	120.00
Germany	5.82	17.82	128.85
France	8.03	17.67	145.88
Italy	2.83	45.25	124.27
Japan	124.42	87.83	249.43
ECU	1.24	0.77	114.8
Switzerland	1.24	0.77	120.45
Denmark	1.05	0.68	120.45
Netherlands	1.05	0.68	120.45
Australia	1.05	0.68	120.45
New Zealand	1.05	0.68	120.45
Malaysia	0.00	0.00	120.45
Saudi Arabia	0.00	0.00	120.45
Singapore	0.00	0.00	120.45

Interest Rates

Country	5yr	10yr	yield %	Country	5yr	10yr	yield %
UK	7.5%	10.5%	10.5%	Germany	2.50%	8.75%	15.0%
France	3.55%	5.00%	5.00%	Lombard	4.50%	5.00%	5.00%
Italy	4.02%	5.25%	5.25%	Canada	5.25%	5.00%	5.00%
Spain	8.25%	10.00%	10.00%	Fed Funds	5.25%	5.00%	5.00%
Sweden	8.25%	10.00%	10.00%	Euro	5.50%	8.00%	10.00%
Netherlands	8.25%	10.00%	10.00%	Switzerland	6.75%	8.00%	10.00%
Australia	8.25%	10.00%	10.00%	Denmark	5.00%	8.00%	10.00%
New Zealand	8.25%	10.00%	10.00%	Discount	5.00%	8.00%	10.00%
Malaysia	8.25%	10.00%	10.00%	Rapso (Av)	4.25%	8.00%	10.00%
Saudi Arabia	8.25%	10.00%	10.00%	Lombard	4.25%	8.00%	10.00%

Bond Yields

Country	5yr	10yr	yield %	Country	5yr	10yr	yield %
UK	7.16	11.15	11.15	Germany	7.16	11.15	11.15
Ireland	6.93	10.84	10.84	France	6.93	10.84	10.84
Norway	10.74	20.70	20.70	Canada	10.74	20.70	20.70
Spain	10.21	14.25	14.25	Australia	10.21	14.25	14.25
Sweden	10.03	14.18	14.18	Denmark	10.03	14.18	14.18
Netherlands	10.03	14.18	14.18	Discount	10.03	14.18	14.18
Australia	10.03	14.18	14.18	Rapso (Av)	10.03	14.18	14.18
New Zealand	10.03	14.18	14.18	Lombard	10.03	14.18	14.18
Malaysia	10.03	14.18	14.18	Discount	10.03	14.18	14.18
Saudi Arabia	10.03	14.18	14.18	Rapso (Av)	10.03	14.18	14.18
Singapore	10.03	14.18	14.18	Lombard	10.03	14.18	14.18

Money Market Rates

Country	OWR	7 Day	1 Month	3	6 Months	1 Year
UK Sterling	5.4	5.4	5.4	5.4	5.4	5.4
Sterling CDs	5.4	5.4	5.4	5.4	5.4	5.4
Local Authority Deps	5.4	5.4	5.4	5.4	5.4	5.4
Discount Market Deps	6	-	-	-	-	-
Treasury Bills (St)	-	-	5.4	5.4	5.4	5.4
Dollar CDs	-	-	5.4	5.4	5.4	5.4
ECU Linked Dep	-	-	4.42	4.42	4.42	4.42

Tourist Rates

£ Buys	£ Buys	£ Buys
Australia	1975	7.00
Austria (Schilling)	162.50	2.40
Belgium (Franc)	47.600	0.70
Canada (Dollar)	2.050	0.

sport

His talent plus nerve equals potential to surpass even the feats of Jack Nicklaus and dwarf what anyone has made from the game

It is not that long ago since the member of a golf club in this country put forward its principal virtues as follows: no blacks, no Jews, no Catholics, and very little encouragement for women.

When you think of how much Semtex there appears to be hanging around in the world it's a wonder somebody hasn't blown the place up, because what we are talking about here is deep-rooted racial, religious and sexual prejudice, which is still all too common in golfing circles.

For obvious reasons, no club goes public with this but, bet your life, some continue to operate a hidden agenda, meaning that unwanted applicants for membership are discouraged from putting their names forward. In any number of

cases black players have simply been headed off at the pass.

Recent exciting news from the United States served to bring rotten discrimination into sharper focus. It was that the black American golf prodigy, Tiger Woods, had won the Las Vegas Invitational in only his fifth week on the professional circuit.

So what will golf's bigots make of the 20-year-old Californian who this week stands 75th in the world rankings, a top 100 place achieved in record time? Here, possibly, is the next golfing superstar. From finishing 66th in his first professional tournament, Woods improved to 11th, fifth and third before defeating Davis Love III last Sunday at the first play-off hole.

When Woods made his first ap-

pearance in the Masters last year some considered him to be less than sufficiently humbled by the invitation. They wanted to hear more from him than that Augusta National is a marvellous golf course and that it was a thrill to be in the company of

great players. Make no mistake, there were those who wanted Woods to touch his forehead. It serves to make the fulfilment of Woods's tremendous potential all the more desirable. Certainly, I like to think, the effect of such a breakthrough would be enormous in a game that is still plagued by the most repugnant of attitudes.

A healthy sign is that the galleries following Woods grow ever larger. No wonder. It's a damn sight more than just the novelty of his nascent fame, the publicity that surrounds him. Above all else, typical of sport today, the spectators thrill to his quite astonishing power. "Comes from the wide arc of his swing," the British former tourna-

ment player, Warren Humphreys, said last week when working for Sky television.

In common with everyone who saw it, Humphreys gasped when Woods sent his ball 300 yards with a three-wood, all carry, "Astonishing," he said. But there is more to winning tournaments than distance. There is the touch, judgement and nerve that persuades any number of Woods's contemporaries that he is exceptional.

The most important racial breakthrough in American sport, probably in sport anywhere, came almost half a century ago when Jackie Robinson broke the colour bar in Major League baseball. But long after, when Robinson was at the height of his fame with the

Brooklyn Dodgers, white faces were turned against him.

Woods will experience nothing so strikingly evident of racial discrimination in sport. But it still exists. It exists in country clubs and golf's inner circle. It exists in the minds of prejudiced people who must view Woods's sensational progress with a great deal of trepidation. The best player in the world is a black man. Spare us the thought, you can hear them saying.

Fortunately, if it appears that Woods has the temperament to go with his great ability. The pressure is there, it is not just, but the trick will be to go on winning. "Go get 'em, Tiger," a young white boy called out to Woods at last year's Masters. Woods smiled across at him. It was lovely.

Hill must rediscover boldness

Derick Allsop gathers opinion on how Britain's world champion in waiting can crush the doubters and clinch the title on Sunday

Damon Hill may find it easier securing the drivers' title on Sunday than winning the universal acclaim befitting a world champion.

The British driver requires just a point from the Japanese Grand Prix at Suzuka, and given the superiority of the Williams-Renault he has only to stay out of trouble and finish the race to manage that. Even that modest task will not be necessary if his team-mate and rival, Jacques Villeneuve, achieves anything less than victory.

A sensible course, however, may not be sufficient to convince many members of the Formula One fraternity and the watching public he is worthy of motor racing's ultimate prize. Hill has heaped this scepticism upon himself in the two races since he was informed he would not be retained by Williams for next season. He tossed away the opportunity to wrap up the championship in Italy, and did so again when he surrendered to an inspired Villeneuve in Portugal.

All the old doubts and, perhaps, prejudices returned. Suddenly his early season domination was seen in a different context. The car was so good no other team had a look-in and Villeneuve was too new to Formula One to represent a

serious threat. In the later stages Villeneuve has blossomed, his growing familiarity with the team, the car and grand prix racing drawing his vibrant talent into the open.

Martin Brundle, the acknowledged sage of the drivers' union, articulated the thoughts of many compatriots when he said: "I hope Damon actually goes out and wins it, and doesn't just let it come to him."

"I think that overall this season he deserves to get the championship and I hope he does, but I really believe he needs to be seen to win it in style, from the front."

"It's fair to say there is a general feeling something has gone from Damon's racing and his challenge in recent grands prix and that if he came in fifth or sixth it would not have a lot of value. It would actually be rather meaningless."

"It would be understandable if Damon played safe but that might be asking for trouble. It's the same in all sports. When you take it easy you are liable to get hurt. When you hesitate on a race track you are likely to make contact with another car."

"It's an entirely different situation for Villeneuve. He's got to win, he knows he's got to go

for it, and he can go into the race with that different mental approach. More often than not, when you've got nothing to lose it comes off for you, and the momentum is with him."

Brundle suggests Hill takes with him the winner's trophy from the 1994 Japanese Grand Prix as a lucky charm. "He should cuddle that trophy and hope it encourages him to be positive and put on the kind of performance he produced two years ago," the Jordan-Peugeot driver said. "He had to find

something special that day and he did, in torrential rain, to beat Michael Schumacher. That's the kind of drive I'm sure his fans would like to see from him on Sunday."

The demon in Damon has been apparent too infrequently for Williams' liking, hence their decision to replace him with Heinz-Harald Frentzen, but Sunday's race could be tailor-made for the customary, composed drive by Hill – out in front.

John Watson, the former grand prix driver, believes, like

Brundle, that Hill may be inviting trouble by curbing his natural instincts. Watson, now a television commentator, said: "When you know that all you need is a point it may be difficult to think in terms of going for a win, but in Damon's case I believe it may be the safest policy."

If Damon gets pole, and he must have a good chance of that, and then gets a clean start, he should try to go away because when he's out in front he flows normally. He's comfortable there. His problems

arise when he's caught up in traffic and has to overtake."

Watson, renowned for his overtaking prowess during his Formula One days, offered Hill a little advice to arm him should he be trapped by the pack.

"You have to make up your mind you are going to pass and send out a clear message that you are coming through," he said. "You have to let the other guy know it's going to happen no matter what."

If Damon isn't getting the information he needs from his

team to help him during the race he should be on the radio to them demanding to know. Schumacher talks incessantly to the pits. Damon has to assert himself in the same way.

Brundle and Watson will not be alone in looking for Hill to assert himself when the class of 1996 line up for the last time on Sunday.

■ The Japanese company Bridgestone announced yesterday they plan to provide tyres for Arrows in 1997, a year ahead of schedule.

Atlanta's 'small profit'

Olympic Games

yet to receive a financial report on the Games, but denied rumours of a deficit.

"We have not had a final account yet. There is talk of a modest profit but there is no talk of a deficit," he said.

John Krinsky, of the US Olympic Committee, added: "Good news for me is anything [in] the black."

Twenty leading West Indian players have been offered one-year contracts which might prevent their future involvement in English county cricket.

Steve Camacho, the chief executive of the West Indies Board of Control, said: "These contracts will ensure they remain at home to help raise the standard of club cricket, and to coach."

Among those offered contracts are Courtney Walsh and Carl Hooper, who are expected to return to play for Gloucestershire and Kent respectively next season. Philip August, the Gloucestershire chief executive, said yesterday: "The West Indies Board would like to put certain players on a one-year contract but nobody will be forced to sign. And if some players decide to return to county cricket they will certainly not be penalised by the West Indies authorities."

Walsh has not signed his two-year offer from Gloucestershire but the two parties have shaken on the deal. Hooper is in the middle of a two-year contract at Canterbury.

Australia and India fear their one-off test starting today in New Delhi will not last five days. The pitch at the Feroz Shah Kotla Stadium is very worn and spinners are expected to dominate the game for the newly instituted Border-Gavaskar Trophy.

"This is the driest wicket I've seen even on the sub-continent. Winning the toss on this pitch will be a big advantage and I hope the pitch lasts five days," Mark Taylor, the Australian captain, said. His opposite number, Sachin Tendulkar, said: "The wicket is extremely dry and I too will elect to bat if I win the toss."

County future in doubt for West Indians

Cricket

At last England have some problems on the pitch not just off it. Twickenham and the English Professional Rugby Union Clubs are to meet tomorrow for what is hoped to be the definitive peace summit to settle the long-running dispute between the clubs and the game's rulers in England. As a gesture of goodwill Epric decided yesterday to postpone the proposed breakaway from the Rugby Football Union by a majority of its 24-member clubs.

Those two items of off-field news were almost, but not quite, overshadowed by what must be regarded as a welcome selection comendum for the England manager, Jack Rowell.

Rowell's ideal side would not contain a recognised place-kicker. It left him, therefore, looking at the possibility of turning

to his former captain, Will Carling, as a place-kicker. Carling has stated his desire this season to play at stand-off for his country – a role he has filled twice for Harlequins. He will not be given the No 10 shirt by Rowell, but there is every chance Carling could be England's place-kicker when they take on Italy at Twickenham on 23 November. Carling, whose 53 points in 66 international appearances have come courtesy of 12 tries, has been Harlequins' recognised goal-kicker this season and his 70+ odd points have helped his side head the Courage League First Division.

He is the fourth-highest scorer in the country and sits the three men above him Jon Callard, Gareth Rees and John Lilley, were not at yesterday's England squad session at Bisham Abbey. Rowell was left with very little choice when it came to looking for a goal-kicker.

If he decides to ignore Paul

Capriati 'pleased' with form despite loss

Tennis

Jennifer Capriati managed only sporadic resistance as she lost in straight sets to Arantxa Sanchez Vicario, the world No 2, in the second round of the Filderstadt tournament in Germany yesterday.

Capriati, playing her first event since the US Open in August, produced plenty of her trademark booming forehands but also a large amount of unforced errors in losing 6-4, 6-4.

The American, who has returned to the circuit part-time after a two-year break during which she battled against personal problems, scored a surprise straight-sets win over

Natalia Zvereva in the first round but against the Spaniard she only looked like averting the inevitable, when she held three break points at 4-5 down with Sanchez Vicario serving for the match.

Sanchez Vicario fought her way back to deuce with the help of an ace, which was ruled in by the umpire after the line-judge had called it out, and an unforced groundstroke error by Capriati.

Sanchez clinched the match on her first match point by pressuring Capriati into overhitting a volley.

Despite the defeat, the 20-year-old 1992 Olympic champion, wearing a support bandage to protect an elbow injury which

has troubled her for over three years, felt her comeback was on track. "I feel like I'm in better shape than I have ever been," she said. "I played pretty good, I'm pleased with my game, I just have to keep working at it."

Samantha Smith, the new British No 1, is one of three home players awarded a wild card for next week's Texaco Ladies Challenger Event at the Welsh National Tennis Centre in Cardiff.

For Smith, 24, it is deserved reward for a successful two weeks which has seen her reach the semi-final of the Limoges Challenger and beat a world top 50 player, Ann Carlson.

Now ranked 134 in the world, Smith – who only returned to

the game last year after taking time away to graduate from Exeter University – will hope to push into the top 100 at Cardiff. The other wild cards are the 17-year-old Abigail Torroff and the former British No 1, Monique Javer. Claire Wood, the national champion, will also be competing in the event which starts on Wednesday.

Chris Wilkinson is guaranteed the circuit title after defeating Arvind Parmar, the national junior champion, 6-4, 6-2 in the quarter-final of the LTA Autumn Satellite Masters in Sheffield yesterday. Wilkinson, who will now move back up to well inside the world's top 200, meets the South African Robbie Koening, seeded fifth in today's semi-finals.

The LTA's play model matches against the non-championships in their groups today and tomorrow. The seeded teams in each group will play each other on Saturday. The winners of Groups One and Two will play the winners of Groups Three and Four in the other. The final will be held on Sunday afternoon.

FANTASY FOOTBALL

Check your scores every Wednesday and Sunday and watch out for our first transfer period, starting 23 October

THE INDEPENDENT ON SUNDAY

Rowell eyes Carling the kicker

Rugby Union

DAVID LLEWELLYN

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Rowell, who reiterated he will not name the new England captain until the Epric-RFU row has been settled, is not yet committed to anything regarding the England team.

One name that may well start cropping up more frequently at selection meetings is the former Bath wing Jim Fallon, who joined Leeds rugby league club in 1992 but returned to union during the summer and now plays for his first club, Richmond. When Rowell was coach at Bath, he was a big fan of the powerful Fallon. Yesterday he said: "I think Fallon would have played for England a couple of years ago. We'd like to think it wasn't too late for him now. But it will take him a while to get used to union again."

Fallon made no secret of what he wanted. "I'd like to get an England cap," said the 30-year-old who has five England A caps to his credit. "I thought my chance had gone. But I have not been brought into this training squad just for the experience."

Stricker short of local expertise

Golf

ANDY FARRELL

reports from St Andrews

One of the requirements for the Alfred Dunhill Cup is to be familiar with the format. This might take most of a five-course meal at the Old Course Hotel, but being familiar with your team should be easier.

America are the top seeds by virtue of the fact that all three of their team are ranked in the top 15 in the world. Phil Mickelson, Mark O'Meara and Steve Stricker are, in fact, first, fourth and fifth respectively on the US money list.

However, there remains a doubt about their local knowledge. Mickelson, the captain, played the Old Course for the first time in last year's Open, when he was joint 40th, but Stricker did not play then. "Has Steve seen the course before?" Mickelson was asked. "No, I who?" he replied. "He played in the Open last year, didn't he?"

Nor was the 26-year-old, a four-time winner in the US this year, particularly sure where he was – the Firth of Forth was mentioned – but he does know why he is here. "The primary reason I wanted to play was the Old Course," he said. "It is not just the course. The whole town adds to the whole aura of St Andrews."

If golf's grande dame is the special attraction of the event, the format takes more explaining. "The first year we played I had no idea, and by the time I had figured it out, I was on the road," Nick Price, of Zimbabwe, said. "The year Canada won, we actually beat them but for some reason they beat the team which we lost to, and they went through."



"I hope he goes out and wins it and doesn't just let it come to him"
Derick Allsop on Damon Hill's prospects at the Japanese Grand Prix Page 30.

WORLD CUP FOOTBALL: Estonia face sanctions for failing to turn up at revised kick-off time after dispute over floodlighting



A most one-sided affair: Scotland begin and end their World Cup qualifying 'match' against Estonia yesterday with a single kick from Billy Dodds to John Collins

Photographs: Matthew Ashton/Flightpic

Scotland await verdict after farce

PHIL SHAW

reports from Tallinn

It was a scenario with which every Sunday morning player will be familiar: one team turns up, the other does not. The difference here in the Kadriorg Stadium yesterday was that this was a World Cup qualifying match, not a park kickabout, and Estonia's extraordinary refusal to fulfil the fixture left Scotland all dressed up with no one to play.

In order to satisfy their obligations to Fifa, the game's world governing body, the Scotland team duly marched on, in full kit, three minutes before the rearranged kick-off time of 3pm local time. With the Estonian half of the pitch empty, the Scots lined up in formation. Billy Dodds rolled the ball forward from the centre spot to John Collins, captaining his country for the first time. The referee immediately blew his whistle and led the Scotland team off.

With the exception of the national anthems, all the formalities had been observed. Collins shook hands with the Yugoslav

referee, Miroslav Radoman, while the linesmen checked there were no holes in the goal nets. No sooner had the thousand or so Scotland supporters launched into an ironic chorus of "get in the team" than Radoman ended the farce.

Ended it, that is, as far as Scotland were concerned. As they prepared to leave for the airport, the floodlights at the centre of the controversy flickered into life. The electronic scoreboard was still stubbornly showing the kick-off as 6.45, and the Estonian military began assuming their positions.

Scotland's fans, who had made a 2,000-mile round trip for the games with Latvia last Saturday and Estonia, took the abandonment in good humour. They sang: "There's only one team in Tallinn" as they dispersed, though the biggest cheer came when a kilo of fat charged on with a ball and dribbled it into the goal.

Even now this bizarre episode may not be over. The initial indications from Fifa's match delegate, Jean-Marie Gantenbein of Luxembourg, were that Scotland would be

awarded the match. Later however, Fifa said that no decision had been made and that reports from the referee and Gantenbein, as well as a protest from the Estonian authorities, would be considered by the World Cup organising committee. A decision will be made at the committee's meeting on 7 November.

A Fifa statement pointed out that its regulations state when a team does not report for a match the opponents will be awarded a 3-0 victory and the three points, "except in cases of force majeure recognised by the organising committee".

Keith Cooper, a Fifa spokesman, said: "Other options are at the discretion of the committee if a team can't make it to a match because of circumstances beyond their control, but there are no precedents for this."

The Estonian FA have indicated to us that they had a logistical problem which prevented them getting to the stadium on time for the revised kick-off and that could be taken into account if it can be proved to be true."

Estonia, meanwhile, may face severe penalties, possibly even expulsion, by Fifa. They will undoubtedly ask why Fifa's stadium committee, which is chaired by the former Scottish Football Association secretary, Ernie Walker, passed the Kadriorg stadium in the first instance.

The saga of the game that never was had begun innocuously enough 24 hours earlier when Gantenbein, the Fifa delegate to the Group Four fixture, raised doubts about the standard of the temporary floodlighting hired from Finland. Craig Brown, the Scotland manager, asked to see them on "full beam" after Tuesday's Under-21 match and was unhappy with what he saw.

As a result, the Scottish FA faxed a complaint late on Tuesday night to Fifa's headquarters in Zurich. Copies were also placed under the doors of Messrs Gantenbein and Radoman. Brown said that his team would play at the appointed hour - 6.45pm - but only under duress.

Fifa's emergency committee convened at 2.30am yesterday

and upheld Scotland's protest. The delegate informed both national associations that the game would now start three-and-a-half hours earlier, in daylight, and that seemed to be the end of the matter.

The Estonian FA, however, refused to accept the ruling. High among their considerations was the fact that BBC Television had agreed to pay them £50,000 for the right to screen the Group Four fixture, raised doubts about the standard of the temporary floodlighting hired from Finland. Craig Brown, the Scotland manager, asked to see them on "full beam" after Tuesday's Under-21 match and was unhappy with what he saw.

Even as late as 2.30pm, with his squad out on the pitch warming up, Brown was convinced that Estonia would turn up to play. But a vice-president of their FA, Arvo Pohlak, insisted that their Icelandic coach, Teitur Thorarson, was sticking to his original plans. The players were having lunch 65 miles away, he said, and would be turning up for a 6.45 start.

That way the Estonians would incur only nominal fines for not being at the ground two hours ahead of kick-off and for handing in their team-sheet late. But they were not bluffing, and Pohlak went on to accuse the Scots of being unsporting.

"It was made clear this morning that we couldn't come before the original agreed time," he said. "When we got the instruction we told Fifa we couldn't change. We believe the Scottish FA has been very unfair to us."

Mark Tammak, another vice-president of the Estonian FA, said later that his country would be prepared to play Scotland twice in Britain rather than concede the points.

"We would prefer if Scotland would come back here for a re-match because our supporters deserve to see the match which they have paid for. If not, we will be prepared to play in Scotland twice," Estonia are due in Scotland next March.

Jim Farry, the SFAT's chief executive, expressed sympathy for Estonia's predicament, admitting he would be less than

pleased if a game at Hampden Park were suddenly switched to midday. But he added: "Fifa's committee reflected overnight and consulted the delegate this morning. It was his firm view that the conditions did not meet the minimum requirements."

"We received a fax at 10am informing us that the match was to kick off at 3pm. And that was their final decision. Our argument was not based purely on the power of the lights. It was on the sporting principle that our goalkeeper couldn't see the ball coming in from the left side of the pitch, which of course affects both teams."

Asked whether the issue of television rights was "the bottom line", Farry replied: "Finance was mentioned."

Thordarson, the Estonia manager, said he felt there was "something dirty" about the

whole affair and added: "I feel terrible. It was too late for us to change the time when we were told."

One reason why Scotland are keen that the match should not be replayed is that Gary McAllister was suspended for this fixture but will be available for Scotland's match next month against Sweden.

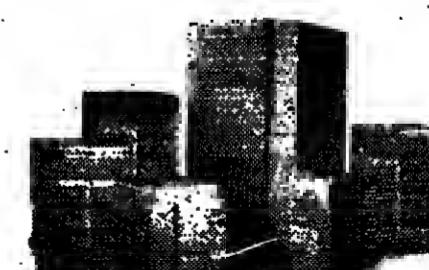
Yesterday's remarkable events had echoes of 1973, when Russia refused to play Chile in Santiago in a World Cup play-off match as a protest against the recently established Pinochet regime. The Chileans kicked off and walked the ball into the net before the referee called a halt.

SCOTLAND (team that took field to play Estonia, World Cup qualifying Group Four, Kadriorg, Tallinn, 10 October): 1. McLeish; 2. Colins, Elvey, Dodd, Jackson, J. McInnes, 3. McCallion; 4. Leggat, White, McAllister, 5. McLeish, 6. McMillan, 7. McLean, 8. McLeish; 9. McLeish; 10. McLeish; 11. McLeish; 12. McLeish; 13. McLeish; 14. McLeish; 15. McLeish; 16. McLeish; 17. McLeish; 18. McLeish; 19. McLeish; 20. McLeish; 21. McLeish; 22. McLeish; 23. McLeish; 24. McLeish; 25. McLeish; 26. McLeish; 27. McLeish; 28. McLeish; 29. McLeish.

Referee: Miroslav Radoman (Yugoslav).

MORSE

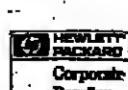
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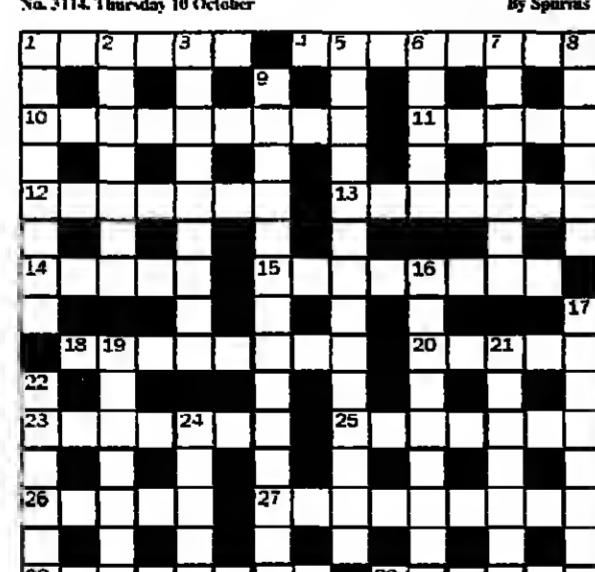


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THE INDEPENDENT CROSSWORD

No. 3114, Thursday 10 October
By Sparus



ACROSS

- Legendary US agent holding a law degree (6)
- Old boy's story about contralto's impediment (8)
- Open University study period seen by East Germans as extremely remote (9)
- Courage shown by monarch, see, going through northern Spain (5)
- Bishop accepts blame for digging up climbing plant (7)
- Old piece about Hawaii featured in show (7)
- Sight possibly seen on common sometimes? (5)
- Information American provided about a doctor is shocking (8)
- Military HQ in Pennsylvania divided about army move (8)
- Attractive female youth leader seen with legislator in New Hampshire (5)
- Account about one carried back needing oxygen? (7)
- Ensure compliance with measure favouring established church (7)
- Happen to drop into our cricket club (5)
- Attitude of deference from Bacon I see as misplaced (9)
- Form of tenure here that's been amended in pen (8)
- Light brown motor yacht crossing river (6)

DOWN

- Sole means of support? (8)
- Striker separated from his comrade by a chain (7)
- Part played mostly by people in hospital department recording names (9)
- Unlikely to be catching? (6-8)
- Smell when head's cut off fish (5)
- Most unfashionable for West Indian to ride on reindeer (7)
- Steven runs in races (6)
- Where they teach you how to get on? (8, 6)
- Imbos fear endlessly chumped up by list of promises (9)
- Hear husband one night gets caught in dishonest behaviour (8)
- Painkillers relieve it to some extent, being near a chemist (7)
- Training seminar for troops (7)
- Give P45s? End of story (6)
- Man lying on hospital bed (5)



The extra 'brilliance' brought by these temporary lights to Tallinn's Kadriorg stadium was not enough to persuade Fifa that the game should kick-off at 6.45 as scheduled

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